

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 2, 2025

NEW ISSUE

**RATING: S&P “SP-1+”
(See “RATING” herein)**

In the opinion of McManimon, Scotland & Baumann, LLC, Bond Counsel, assuming compliance by the Township (as defined herein) with certain tax covenants described herein, under existing law, interest on the Notes (as defined herein) is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. Based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. See “TAX MATTERS” herein.

**TOWNSHIP OF HOPEWELL,
IN THE COUNTY OF MERCER, NEW JERSEY
\$20,379,000 BOND ANTICIPATION NOTES, SERIES 2025**

**Consisting of:
\$20,276,000 General Improvement Bond Anticipation Note and
\$103,000 Sewer Utility Bond Anticipation Note
(Book-Entry-Only) (Non-Callable)
Interest Rate: ____ %
Yield: ____ %
CUSIP*: _____**

Dated: Date of Delivery

Due: September 21, 2026

The \$20,379,000 Bond Anticipation Notes, Series 2025, consisting of the \$20,276,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$103,000 Sewer Utility Bond Anticipation Note (the “Sewer Utility Note”), and together with the General Improvement Note, the “Notes”), are being issued by the Township of Hopewell, in the County of Mercer, New Jersey (the “Township”), and will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to the maturity date set forth above. See “BOOK-ENTRY-ONLY SYSTEM” herein. The principal of and interest on the Notes will be paid on the maturity date to DTC by the Township or its designated paying agent. Interest on the Notes shall be calculated on the basis of a 360-day year consisting of twelve 30-day calendar months. The Notes are not subject to redemption prior to their stated maturity.

The Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

This cover page contains information for quick reference only. It is not a summary of this issue. Investors must read the entire Official Statement, including the appendices, to obtain information essential to the making of an informed investment decision.

The Notes will be offered when, as and if issued and delivered to the Underwriter (as defined herein), subject to prior sale, to withdrawal or modification of the offer without notice and to the approval of legality by the law firm of McManimon, Scotland & Baumann, LLC, Roseland, New Jersey, and certain other conditions described herein. Certain legal matters will be passed upon for the Township by Steven P. Goodell, Esq., Hamilton, New Jersey, Township Attorney. Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes. It is expected that the Notes will be available for delivery through DTC in Brooklyn, New York, on or about September 22, 2025.

**BIDS FOR THE NOTES WILL BE RECEIVED IN ACCORDANCE WITH THE NOTICE OF SALE
ON TUESDAY, SEPTEMBER 9, 2025. FOR MORE DETAILS ON HOW TO BID,
VIEW THE NOTICE OF SALE POSTED AT WWW.MUNIHUB.COM.**

* Registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services, which is managed on behalf of the American Bankers Association by FactSet Research Systems Inc. The CUSIP number listed above is being provided solely for the convenience of Noteholders only at the time of issuance of the Notes, and the Township does not make any representation with respect to such number or undertake any responsibility for its accuracy now or at any time in the future. The CUSIP number is subject to being changed after the issuance of the Notes as a result of procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to the Notes.

**TOWNSHIP OF HOPEWELL,
IN THE COUNTY OF MERCER, NEW JERSEY**

MAYOR

Courtney Peters-Manning

TOWNSHIP COMMITTEE MEMBERS

David Chait, Deputy Mayor
Kevin Kuchinski
Uma Purandare
Michael Ruger

CHIEF FINANCIAL OFFICER

Julie Troutman

TOWNSHIP ATTORNEY

Steven P. Goodell, Esquire
Parker McCay P.A.
Hamilton, New Jersey

AUDITOR

Inverso & Stewart, LLC
Marlton, New Jersey

BOND COUNSEL

McManimon, Scotland & Baumann, LLC
Roseland, New Jersey

MUNICIPAL ADVISOR

Phoenix Advisors,
a division of First Security Municipal Advisors, Inc.
Hamilton, New Jersey

No broker, dealer, salesperson or other person has been authorized by the Township to give any information or to make any representations with respect to the Notes other than those contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. The information contained herein has been provided by the Township and other sources deemed reliable; however, no representation or warranty is made as to its accuracy or completeness and such information is not to be construed as a representation or warranty by the Underwriter or, as to information from sources other than itself, by the Township. The information and the expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale hereunder under any circumstances shall create any implication that there has been no change in any of the information herein since the date hereof or since the date as of which such information is given, if earlier. This Official Statement is submitted in connection with the sale of the Notes referred to herein and may not be used, in whole or in part, for any other purpose.

References in this Official Statement to laws, rules, regulations, resolutions, agreements, reports and documents do not purport to be comprehensive or definitive. All references to such documents are qualified in their entirety by reference to the particular document, the full text of which may contain qualifications of and exceptions to statements made herein, and copies of which may be inspected at the offices of the Township during normal business hours.

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended by the Township from time to time (collectively, the "Official Statement"), may be treated as a "Final Official Statement" with respect to the Notes described herein that is deemed final as of the date hereof (or of any such supplement or amendment) by the Township.

This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes in any jurisdiction in which it is unlawful for any person to make such an offer, solicitation or sale.

THE ORDER AND PLACEMENT OF MATERIALS IN THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, ARE NOT TO BE DEEMED TO BE A DETERMINATION OF RELEVANCE, MATERIALITY OR IMPORTANCE, AND THIS OFFICIAL STATEMENT, INCLUDING THE APPENDICES, MUST BE CONSIDERED IN ITS ENTIRETY. THE OFFERING OF THE NOTES IS MADE ONLY BY MEANS OF THIS ENTIRE OFFICIAL STATEMENT.

McManimon, Scotland & Baumann, LLC has not participated in the preparation of the financial or statistical information contained in this Official Statement nor has it verified the accuracy or completeness thereof and, accordingly, expresses no opinion with respect thereto.

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**OFFICIAL STATEMENT
OF THE
TOWNSHIP OF HOPEWELL,
IN THE COUNTY OF MERCER, NEW JERSEY**

RELATING TO THE

\$20,379,000 BOND ANTICIPATION NOTES, SERIES 2025

Consisting of:

**\$20,276,000 General Improvement Bond Anticipation Note and
\$103,000 Sewer Utility Bond Anticipation Note**

INTRODUCTION

This Official Statement, which includes the cover page and the appendices attached hereto, has been prepared by the Township of Hopewell (the “Township”), in the County of Mercer (the “County”), State of New Jersey (the “State”), in connection with the sale and issuance of \$20,379,000 Bond Anticipation Notes, Series 2025, consisting of the \$20,276,000 General Improvement Bond Anticipation Note (the “General Improvement Note”) and the \$103,000 Sewer Utility Bond Anticipation Note (the “Sewer Utility Note”, and together with the General Improvement Note, the “Notes”). This Official Statement has been executed by and on behalf of the Township by its Chief Financial Officer and may be distributed in connection with the sale of the Notes described herein.

This Official Statement contains specific information relating to the Notes including their general description, certain matters affecting the financing, certain legal matters, historical financial information and other information pertinent to this issue. This Official Statement should be read in its entirety. All financial and other information presented herein has been provided by the Township from its records, except for information expressly attributed to other sources. This Official Statement is “deemed final,” as of its date, within the meaning of Rule 15c2-12 of the Securities and Exchange Commission.

THE NOTES

General Description

The Notes are dated, will mature on the date and in the amounts and will bear interest payable at the interest rate as set forth on the cover page hereof. Interest shall be computed on the basis of a 30-day month/360-day year. The Notes will be issued in the form of one certificate for the aggregate principal amount of each series of the Notes and when issued will be registered in the name of Cede & Co., as nominee for The Depository Trust Company, Brooklyn, New York (“DTC”), which will act as securities depository. The Notes may be purchased in book-entry-only form in the principal amount of \$5,000 or any integral multiple of \$1,000 in excess thereof through book-entries made on the books and records of DTC and its participants. The Notes are issuable as fully registered book-entry securities. Interest on the Notes will be credited to the participants of DTC as listed on the records of DTC as of one business day prior to maturity.

Redemption

The Notes are not subject to redemption prior to their stated maturity.

BOOK-ENTRY-ONLY SYSTEM*

The description which follows of the procedures and recordkeeping with respect to beneficial ownership interest in the Notes, payment of principal and interest and other payments on the Notes to Direct and Indirect Participants (each as defined below) or Beneficial Owners, confirmation and transfer of beneficial ownership interests in the Notes and other related transactions by and between DTC, Direct Participants and Beneficial Owners, is based on certain information furnished by DTC to the Township. DTC will act as securities depository for the Notes. The Notes will be issued as fully registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully registered Note certificate will be issued for each series of the Notes in the aggregate principal amount and will be deposited with DTC.

DTC, the world's largest securities depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). DTC has an S&P Global rating of AA+. The DTC rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co., or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge

* Source: The Depository Trust Company.

of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the Township as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, if any, and principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the Township or the paying agent, if any, on the payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and shall be the responsibility of such Participant and not of DTC or its nominee, the paying agent, if any, or the Township, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, if any, and principal and interest to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the Township or the paying agent, if any, disbursement of such payments to Direct Participants shall be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners shall be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Notes at any time by giving reasonable notice to the Township or the paying agent, if any. Under such circumstances, in the event that a successor securities depository is not obtained, Note certificates are required to be printed and delivered.

The Township may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Note certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the Township believes to be reliable, but the Township takes no responsibility for the accuracy thereof.

THE INFORMATION CONTAINED IN THIS SECTION "BOOK-ENTRY-ONLY SYSTEM" HAS BEEN PROVIDED BY DTC. THE TOWNSHIP MAKES NO REPRESENTATIONS AS TO THE COMPLETENESS OR THE ACCURACY OF SUCH INFORMATION OR AS TO THE ABSENCE OF ADVERSE CHANGES IN SUCH INFORMATION SUBSEQUENT TO THE DATE HEREOF.

THE TOWNSHIP WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DTC PARTICIPANT; (II) ANY NOTICE THAT IS PERMITTED OR REQUIRED TO BE GIVEN TO NOTE HOLDERS; (III) THE PAYMENT BY DTC OR

ANY DTC PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST DUE ON THE NOTES; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY CEDE & CO., AS NOMINEE FOR DTC AND THE REGISTERED OWNER OF THE NOTES. THE RULES APPLICABLE TO DTC ARE ON FILE WITH THE SECURITIES AND EXCHANGE COMMISSION AND THE PROCEDURES OF DTC TO BE FOLLOWED IN DEALING WITH DTC PARTICIPANTS ARE ON FILE WITH DTC.

SO LONG AS CEDE & CO. IS THE REGISTERED OWNER OF THE NOTES, AS NOMINEE FOR DTC, REFERENCES HEREIN TO THE HOLDERS OR REGISTERED OWNERS OF THE NOTES (OTHER THAN UNDER THE CAPTIONS “TAX MATTERS” AND “SECONDARY MARKET DISCLOSURE”) SHALL MEAN CEDE & CO. AND SHALL NOT MEAN THE BENEFICIAL OWNERS OF THE NOTES.

Discontinuation of Book-Entry-Only System

If the Township, in its sole discretion, determines that DTC is not capable of discharging its duties, or if DTC discontinues providing its services with respect to the Notes at any time, the Township will attempt to locate another qualified securities depository. If the Township fails to find such a securities depository, or if the Township determines, in its sole discretion, that it is in the best interest of the Township or that the interest of the Beneficial Owners might be adversely affected if the book-entry-only system of transfer is continued (the Township undertakes no obligation to make an investigation to determine the occurrence of any events that would permit it to make such determination), the Township shall notify DTC of the termination of the book-entry-only system.

AUTHORIZATION AND PURPOSE

The Notes have been authorized by and are being issued pursuant to the laws of the State, including the Local Bond Law (constituting Chapter 2 of Title 40A of the State statutes, as amended) (the “Local Bond Law”), and the bond ordinances adopted by the Township referred to in the charts below. Proceeds from the sale and issuance of the Notes, along with available funds of the Township in the amount of \$433,000, will be used to: (i) refund, on a current basis, the Township’s \$15,410,000 Bond Anticipation Notes, dated September 24, 2024 and maturing on September 23, 2025 (the “Prior Notes”); (ii) provide new money in the amount of \$5,402,000 to temporarily finance various capital improvements in and by the Township; and (iii) provide funds for the costs incurred in connection with the authorization, sale and issuance of the Notes.

General Improvement Note

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Prior Notes Being Refunded | New Money |
|------------------------------|--|---|------------------|
| 21-1743 | Various capital improvements, finally adopted March 15, 2021. | \$4,048,000 | \$0 |
| 22-1767 | Various capital improvements, finally adopted March 21, 2022. | 3,588,000 | 0 |
| 23-1794 | Various capital improvements, finally adopted March 6, 2023. | 3,388,000 | 0 |

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Prior Notes Being Refunded | New Money |
|-----------------------|---|--------------------------------------|---------------------------|
| 24-1819 | Various capital improvements, finally adopted March 4, 2024. | 3,850,000 | 0 |
| 25-1842 | Various capital improvements, finally adopted April 14, 2025. | 0 | 5,402,000 |
| | SUB-TOTAL: | <u>\$14,874,000</u> | <u>\$5,402,000</u> |
| | TOTAL GENERAL IMPROVEMENT NOTE: | <u>\$20,276,000</u> | |

Sewer Utility Note

| Bond Ordinance Number | Description of Improvement and Date of Adoption of Bond Ordinance | Amount of Prior Notes Being Refunded |
|-----------------------|--|--------------------------------------|
| 21-1748 | Various improvements to the sewer utility, finally adopted May 17, 2021. | \$103,000 |
| | TOTAL SEWER UTILITY NOTE: | <u>\$103,000</u> |
| | TOTAL NOTES: | <u>\$20,379,000</u> |

SECURITY AND SOURCE OF PAYMENT

The Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

CERTAIN RISK FACTORS

Recent Healthcare Developments

In early March of 2020, the World Health Organization declared a pandemic following the global outbreak of COVID-19, a respiratory disease caused by a newly discovered strain of coronavirus. On March 13, 2020, the President of the United States declared a national public health emergency to unlock federal funds and assistance to help states and local governments fight the pandemic. The Governor of the State declared a state of emergency and a public health emergency on March 9, 2020. In response to the COVID-19 pandemic, federal and State legislation and executive orders were implemented to, among other things, provide relief to state and local governments, including the American Rescue Plan Act of 2021 (the “Plan”). The pandemic and certain mitigation measures, which altered the behavior of businesses and people, have had and may continue to have negative impacts on regional, State and local economies. The national public health emergency and the State public health emergency have since ended, while the state of emergency declared by

the State and several executive orders signed by the Governor remain to manage COVID-19 on an endemic level.

To date, the overall finances and operations of the Township have not been materially adversely affected by the COVID-19 pandemic. Nonetheless, there can be no assurance regarding the extent to which the COVID-19 pandemic, or any other national health crisis or pandemic, may impact the national, State or local economies in the future, nor how any such event may materially adversely impact municipalities, including the Township. The Township cannot quantify any such impacts at this time.

The Plan, signed into law on March 12, 2021, provided \$1.9 trillion in relief designed to provide funding to address the COVID-19 pandemic and alleviate the economic and health effects of the COVID-19 pandemic. The Township has received \$1,855,250.13 from the Plan. The deadline to obligate the funds was December 31, 2024, and such funds can only be spent on certain allowable uses as set forth in the Plan.

Cybersecurity

The Township relies upon a large and complex technology environment to conduct its various operations. As a result, the Township faces certain cybersecurity threats at various times, including, but not limited to, hacking, phishing, viruses, malware and other attacks on its computing and digital networks and systems. To mitigate the risks of business operations impact and/or damage from cybersecurity incidents or cyberattacks, the Township has invested in multiple forms of cybersecurity and operational safeguards. In addition, the Township maintains certain insurance coverage for cyberattacks and related events. However, there can be no assurance that any existing safety or security measures will provide adequate protection in safeguarding against cybersecurity threats and attacks. Cybersecurity breaches of the Township could cause material disruption of the Township's finances and operations.

Climate Change

The State is naturally susceptible to the effects of extreme weather events and natural disasters, including floods and hurricanes, which could result in negative economic impacts on communities. Such effects can be exacerbated by a longer-term shift in the climate over several decades (commonly referred to as "climate change"), including increasing global temperatures and rising sea levels. The occurrence of such extreme weather events could damage local infrastructure that provides essential services to the Township as well as resulting in economic impacts such as loss of *ad valorem* tax revenue, interruption of municipal services and escalated recovery costs. The Township has an Office of Emergency Management and also engages with the County Office of Emergency Management to plan for and respond to emergencies, including weather-related emergencies. No assurance can be given as to whether future extreme weather events will occur that could materially adversely affect the financial condition of the Township.

MUNICIPAL FINANCE - FINANCIAL REGULATION OF COUNTIES AND MUNICIPALITIES

Local Bond Law (N.J.S.A. 40A:2-1 et seq.)

The Local Bond Law governs the issuance of bonds and notes to finance certain general municipal and utility capital expenditures. Among its provisions are requirements that bonds must mature within the statutory period of usefulness of the projects bonded and that bonds be retired in serial installments. A 5% cash down

payment is generally required toward the financing of expenditures for municipal purposes subject to a number of exceptions. All bonds and notes issued by the Township are general full faith and credit obligations.

The authorized bonded indebtedness of the Township for municipal purposes is limited by statute, subject to the exceptions noted below, to an amount equal to 3.5% of its average equalized valuation basis. The average for the last three years of the equalized value of all taxable property and improvements and certain Class II railroad property within the boundaries of the Township, as annually determined by the State Director of Taxation, is shown in Appendix “A”.

Certain categories of debt are permitted by statute to be deducted for purposes of computing the statutory debt limit, including school bonds that do not exceed the school bond borrowing margin and certain debt that may be deemed self-liquidating.

As shown in Appendix “A”, the Township has not exceeded its statutory debt limit.

The Township may exceed its debt limit with the approval of the Local Finance Board, a State regulatory agency, and as permitted by other statutory exceptions. If all or any part of a proposed debt authorization would exceed its debt limit, the Township may apply to the Local Finance Board for an extension of credit. If the Local Finance Board determines that a proposed debt authorization would not materially impair the credit of the Township or substantially reduce the ability of the Township to meet its obligations or to provide essential public improvements and services, or if it makes certain other statutory determinations, approval is granted. In addition, debt in excess of the statutory limit may be issued by the Township to fund certain notes, to provide for self-liquidating purposes, and, in each fiscal year, to provide for purposes in an amount not exceeding 2/3 of the amount budgeted in such fiscal year for the retirement of outstanding obligations (exclusive of utility and assessment obligations).

The Township may sell short-term “bond anticipation notes” to temporarily finance a capital improvement or project in anticipation of the issuance of bonds if the bond ordinance or a subsequent resolution so provides. Bond anticipation notes for capital improvements may be issued in an aggregate amount not exceeding the amount specified in the ordinance creating such capital expenditure, as it may be amended and supplemented. A local unit’s bond anticipation notes may be issued for periods not greater than one year. Generally, bond anticipation notes may not be outstanding for longer than ten years. An additional period may be available following the tenth anniversary date equal to the period from the notes’ maturity to the end of the tenth fiscal year in which the notes mature plus 4 months (May 1) in the next following fiscal year from the date of original issuance. Beginning in the third year, the amount of notes that may be issued is decreased by the minimum amount required for the first year’s principal payment for a bond issue.

Local Budget Law (N.J.S.A. 40A:4-1 et seq.)

The foundation of the State local finance system is the annual cash basis budget. Every local unit must adopt a budget in the form required by the Division of Local Government Services, Department of Community Affairs, State of New Jersey (the “Division”). Certain items of revenue and appropriation are regulated by law and the proposed budget must be certified by the Director of the Division (the “Director”) prior to final adoption. The Local Budget Law requires each local unit to appropriate sufficient funds for payment of current debt service, and the Director is required to review the adequacy of such appropriations.

The local unit is authorized to issue Emergency Notes and Special Emergency Notes pursuant to the Local Budget Law.

Tax Anticipation Notes are limited in amount by law and must be paid off in full within 120 days of the close of the fiscal year.

The Director has no authority over individual operating appropriations, unless a specific amount is required by law, but the review functions focusing on anticipated revenues serve to protect the solvency of all local units.

The cash basis budgets of local units must be in balance, i.e., the total of anticipated revenues must equal the total of appropriations (N.J.S.A. 40A:4-22). If in any year a local unit's expenditures exceed its realized revenues for that year, then such excess must be raised in the succeeding year's budget.

The Local Budget Law (N.J.S.A. 40A:4-26) provides that no miscellaneous revenues from any source may be included as an anticipated revenue in the budget in an amount in excess of the amount actually realized in cash from the same source during the next preceding fiscal year, unless the Director determines that the facts clearly warrant the expectation that such excess amount will actually be realized in cash during the fiscal year and certifies that determination to the local unit.

No budget or budget amendment may be adopted unless the Director shall have previously certified his or her approval of such anticipated revenues except that categorical grants-in-aid contracts may be included for their face amount with an offsetting appropriation. The fiscal years for such grants rarely coincide with the municipality's calendar year. However, grant revenue is generally not realized until received in cash.

The same general principle that revenue cannot be anticipated in a budget in excess of that realized in the preceding year applies to property taxes. The maximum amount of delinquent taxes that may be anticipated is limited by a statutory formula, which allows the local unit to anticipate collection at the same rate realized for the collection of delinquent taxes in the previous year. Also, the local unit is required to make an appropriation for a "reserve for uncollected taxes" in accordance with a statutory formula to provide for a tax collection in an amount that does not exceed the percentage of taxes levied and payable in the preceding fiscal year that was received in cash by December 31 of that year. The budget also must provide for any cash deficits of the prior year.

Emergency appropriations (those made after the adoption of the budget and the determination of the tax rate) may be authorized by the governing body of a local unit. However, with minor exceptions, such appropriations must be included in full in the following year's budget.

The exceptions are certain enumerated quasi-capital projects ("special emergencies") such as ice, snow and flood damage to streets, roads and bridges, which may be amortized over three years, and tax map preparation, re-evaluation programs, revision and codification of ordinances, master plan preparation, payment of compensated absences and drainage map preparation for flood control purposes, which may be amortized over five years. Of course, emergency appropriations for capital projects may be financed through the adoption of a bond ordinance and amortized over the useful life of the project.

Under legislation enacted to address the COVID-19 pandemic, P.L. 2020, c. 60 (A4175), a municipality may adopt an emergency appropriation to fund certain deficits resulting from COVID-19 with approval of the Director of the Division of Local Government Services and may either fund it as a deferred charge or issue special emergency notes to fund it payable by 1/5 each year beginning in the year after the year in which the deferred charge appears in the financial statements so it is paid off no later than the last day of the sixth fiscal year following the end of the fiscal year in which the application is made. If there is a showing of fiscal distress, that may be extended to ten years. The Director may also promulgate guidelines modifying the standard for anticipated revenues when the amount realized in cash from the same source during the next

preceding fiscal year experienced reductions due to COVID-19. Also, local units may be able to issue refunding bonds with Local Finance Board approval to repay a Federal Emergency Management Agency Community Disaster Loan for which it executed a promissory note in 2013.

Budget transfers provide a degree of flexibility and afford a control mechanism. Transfers between appropriation accounts may be made only during the last two months of the year. Appropriation reserves may also be transferred during the first three months of the year to the previous year's budget. Both types of transfers require a 2/3 vote of the full membership of the governing body; however, transfers cannot be made from either the down payment account or the capital improvement fund. Transfers may be made between sub-account line items within the same account at any time during the year, subject to internal review and approval. In a "CAP" budget, no transfers may be made from excluded from "CAP" appropriations to within "CAP" appropriations nor can transfers be made between excluded from "CAP" appropriations, except that transfers may be made between debt service principal and interest.

A provision of law known as the New Jersey "Cap Law" (N.J.S.A. 40A:4-45.1 *et seq.*) imposes limitations on increases in municipal appropriations subject to various exceptions. The payment of debt service is an exception from this limitation. The Cap formula is somewhat complex, but basically it permits a municipality to increase its overall appropriations by the lesser of 2.5% or the "Index Rate" if the Index Rate is greater than 2.5%. The "Index Rate" is the rate of annual percentage increase, rounded to the nearest one-half percent, in the Implicit Price Deflator for State and Local Government purchases of goods and services computed by the U.S. Department of Commerce. Exceptions to the limitations imposed by the Cap Law also exist for other things including capital expenditures; extraordinary expenses approved by the Local Finance Board for implementation of an interlocal services agreement; expenditures mandated as a result of certain emergencies; and certain expenditures for services mandated by law. Counties are also prohibited from increasing their tax levies by more than the lesser of 2.5% or the Index Rate subject to certain exceptions. Municipalities by ordinance approved by a majority of the full membership of the governing body may increase appropriations up to 3.5% over the prior year's appropriation, and counties by resolution approved by a majority of the full membership of the governing body may increase the tax levy up to 3.5% over the prior year's tax levy in years when the Index Rate is 2.5% or less.

Additionally, legislation constituting P.L. 2010, c. 44, approved July 13, 2010, limits tax levy increases for those local units to 2% with exceptions only for capital expenditures including debt service, increases in pension contributions and accrued liability for pension contributions in excess of 2%, certain healthcare increases, extraordinary costs directly related to a declared emergency and amounts approved by a simple majority of voters voting at a special election.

Neither the tax levy limitation nor the "Cap Law" limits the obligation of the Township to levy *ad valorem* taxes upon all taxable property within the Township to pay debt service on its bonds or notes, including the Notes.

In accordance with the Local Budget Law, each local unit must adopt and may from time to time amend rules and regulations for capital budgets, which rules and regulations must require a statement of capital undertakings underway or projected for a period not greater than over the next ensuing six years as a general improvement program. The capital budget, when adopted, does not constitute the approval or appropriation of funds, but sets forth a plan of the possible capital expenditures which the local unit may contemplate over the next six years. Expenditures for capital purposes may be made either by ordinances adopted by the governing body setting forth the items and the method of financing or from the annual operating budget if the terms were detailed.

Tax Assessment and Collection Procedure

Property valuations (assessments) are determined on true values as arrived at by a cost approach, market data approach and capitalization of net income where appropriate. Current assessments are the result of new assessments on a like basis with established comparable properties for newly assessed or purchased properties. This method assures equitable treatment to like property owners, but it often results in a divergence of the assessment ratio to true value. Because of the changes in property resale values, annual adjustments could not keep pace with the changing values.

Upon the filing of certified adopted budgets by the Township's local school district and the County, the tax rate is struck by the County Board of Taxation based on the certified amounts in each of the taxing districts for collection to fund the budgets. The statutory provision for the assessment of property, the levying of taxes and the collection thereof are set forth in N.J.S.A. 54:4-1 et seq. Special taxing districts are permitted in the State for various special services rendered to the properties located within the special districts.

Tax bills are typically mailed annually in July or following the adoption of the State budget, at which time State aid is certified, by the Township's Tax Collector. The taxes are due August 1 and November 1, respectively, and are adjusted to reflect the current calendar year's total tax liability. The preliminary taxes due February 1 and May 1 of the succeeding year are based upon one-half of the current year's total tax.

Tax installments not paid on or before the due date are subject to interest penalties of 8% per annum on the first \$1,500.00 of the delinquency and 18% per annum on any amount in excess of \$1,500.00, and if a delinquency (including interest) is in excess of \$10,000.00 and remains in arrears after December 31, an additional flat penalty of 6% shall be charged against the delinquency. These interest rates and penalties are the highest permitted under State statutes. Delinquent taxes open for one year or more are annually included in a tax sale in accordance with State statutes.

Tax Appeals

The State statutes provide a taxpayer with remedial procedures for appealing an assessment deemed excessive. Prior to February 1 in each year, the Township must mail to each property owner a notice of the current assessment and taxes on the property. The taxpayer has a right to petition the County Board of Taxation on or before April 1 for review. The County Board of Taxation has the authority after a hearing to decrease or reject the appeal petition. These adjustments are usually concluded within the current tax year and reductions are shown as canceled or remitted taxes for that year. If the taxpayer feels his petition was unsatisfactorily reviewed by the County Board of Taxation, appeal may be made to the Tax Court of New Jersey for further hearing. Some State Tax Court appeals may take several years prior to settlement and any losses in tax collections from prior years are charged directly to operations. The Township maintains a reserve for tax appeals to fund, in full or in part, such appeals.

Local Fiscal Affairs Law (N.J.S.A. 40A:5-1 et seq.)

This law regulates the non-budgetary financial activities of local governments. The chief financial officer of every local unit must file annually, with the Director, a verified statement of the financial condition of the local unit and all constituent boards, agencies or commissions.

An independent examination of each local unit's accounts must be performed annually by a licensed registered municipal accountant. The audit, conforming to the Division of Local Government Services' "Requirements of Audit", includes recommendations for improvement of the local unit's financial procedures

and must be filed with the Director. A synopsis of the audit report, together with all recommendations made, must be published in a local newspaper within 30 days of its submission. The entire annual audit report for the year ended December 31, 2024 for the Township is available on the Township's website and is also on file with the Township Clerk and is available for review during business hours.

FINANCIAL STATEMENTS

Certain audited financial data of the Township for the fiscal year ending December 31, 2024 are presented in Appendix "B" to this Official Statement (the "Financial Statements"). The Financial Statements have been prepared by Inverso & Stewart, LLC, Marlton, New Jersey (the "Auditor"), an independent auditor, as stated in its report appearing in Appendix "B" to this Official Statement. The Auditor has not participated in the preparation of this Official Statement, nor has such firm verified the accuracy, completeness or fairness of the information contained herein (except for the audited financial statements appearing in Appendix "B" hereto) and, accordingly, will express no opinion with respect thereto. See "APPENDIX B – EXCERPTS FROM FINANCIAL STATEMENTS OF THE TOWNSHIP OF HOPEWELL, IN THE COUNTY OF MERCER, NEW JERSEY" herein.

LITIGATION

To the knowledge of the Township Attorney, Steven P. Goodell, Esquire, of Parker McCay P.A., Hamilton, New Jersey (the "Township Attorney"), there is no litigation of any nature, now pending or threatened, restraining or enjoining the issuance or the delivery of the Notes, or the levy or the collection of any taxes to pay the principal of or the interest on the Notes, or in any manner questioning the authority or the proceedings for the issuance of the Notes or for the levy or the collection of taxes, or contesting the corporate existence or the boundaries of the Township or the title of any of the present officers. Moreover, to the knowledge of the Township Attorney, no litigation is presently pending or threatened that, in the opinion of the Township Attorney, would have a material adverse impact on the financial condition of the Township if adversely decided.

TAX MATTERS

Exclusion of Interest on the Notes From Gross Income for Federal Tax Purposes

The Internal Revenue Code of 1986, as amended (the "Code"), imposes certain requirements that must be met on a continuing basis subsequent to the issuance of the Notes in order to assure that interest on the Notes will be excluded from gross income for federal income tax purposes under Section 103 of the Code. Failure of the Township to comply with such requirements may cause interest on the Notes to lose the exclusion from gross income for federal income tax purposes, retroactive to the date of issuance of the Notes. The Township will make certain representations in its Arbitrage and Tax Certificate, which will be executed on the date of issuance of the Notes, as to various tax requirements. The Township has covenanted to comply with the provisions of the Code applicable to the Notes and has covenanted not to take any action or fail to take any action that would cause interest on the Notes to lose the exclusion from gross income under Section 103 of the Code. Bond Counsel (as defined herein) will rely upon the representations made in the Arbitrage and Tax Certificate and will assume continuing compliance by the Township with the above covenants in rendering its federal income tax opinions with respect to the exclusion of interest on the Notes from gross income for federal

income tax purposes and with respect to the treatment of interest on the Notes for the purposes of alternative minimum tax.

Assuming the Township observes its covenants with respect to compliance with the Code, McManimon, Scotland & Baumann, LLC (“Bond Counsel”) is of the opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to alternative minimum tax under Section 55 of the Code.

The opinion of Bond Counsel is based on current legal authority and covers certain matters not directly addressed by such authority. It represents Bond Counsel’s legal judgment as to exclusion of interest on the Notes from gross income for federal income tax purposes but is not a guaranty of that conclusion. The opinion is not binding on the Internal Revenue Service (“IRS”) or any court. Bond Counsel expresses no opinion about (i) the effect of future changes in the Code and the applicable regulations under the Code or (ii) the interpretation and enforcement of the Code or those regulations by the IRS.

Bond Counsel’s engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the Township or the owners of the Notes regarding the tax status of interest thereon in the event of an audit examination by the IRS. The IRS has a program to audit tax-exempt obligations to determine whether the interest thereon is includible in gross income for federal income tax purposes. If the IRS does audit the Notes, under current IRS procedures, the IRS will treat the Township as the taxpayer and the beneficial owners of the Notes will have only limited rights, if any, to obtain and participate in judicial review of such audit. Any action of the IRS, including, but not limited to, selection of the Notes for audit, or the course or result of such audit, or an audit of other obligations presenting similar tax issues, may affect the market value of the Notes.

Payments of interest on tax-exempt obligations, including the Notes, are generally subject to IRS Form 1099-INT information reporting requirements. If an owner of the Notes is subject to backup withholding under those requirements, then payments of interest will also be subject to backup withholding. Those requirements do not affect the exclusion of such interest from gross income for federal income tax purposes.

Original Issue Premium

The Notes may be sold at an initial offering price in excess of the amount payable at the maturity date. The excess, if any, of the tax basis of the Notes to a purchaser (other than a purchaser who holds the Notes as inventory, as stock-in-trade or for sale to customers in the ordinary course of business) over the amount payable at maturity is amortizable note premium, which is not deductible from gross income for federal income tax purposes. Amortizable note premium, as it amortizes, will reduce the owner’s tax cost of the Notes used to determine, for federal income tax purposes, the amount of gain or loss upon the sale, redemption at maturity or other disposition of the Notes. Accordingly, an owner of the Notes may have taxable gain from the disposition of the Notes, even though the Notes are sold, or disposed of, for a price equal to the owner’s original cost of acquiring the Notes. Premium amortizes over the term of the Notes under the “constant yield method” described in regulations interpreting Section 1272 of the Code. Owners of the Notes should consult their own tax advisors with respect to the calculation of the amount of note premium that will be treated for federal income tax purposes as having amortized for any taxable year (or portion thereof) of the owner and with respect to other federal, state and local tax consequences of owning and disposing of the Notes.

Bank-Qualification

The Notes will not be designated as qualified under Section 265 of the Code by the Township for an exemption from the denial of deduction for interest paid by financial institutions to purchase or to carry tax-exempt obligations.

The Code denies the interest deduction for certain indebtedness incurred by banks, thrift institutions and other financial institutions to purchase or to carry tax-exempt obligations. The denial to such institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such institutions after August 7, 1986. For certain issues that are eligible to be designated and that are designated by the issuer as qualified under Section 265 of the Code, 80% of such interest may be deducted as a business expense by such institutions.

Additional Federal Income Tax Consequences of Holding the Notes

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on or disposition of tax-exempt obligations, such as the Notes, may have additional federal income tax consequences for certain taxpayers, including, without limitation, taxpayers eligible for the earned income credit, recipients of certain Social Security and certain Railroad Retirement benefits, taxpayers that may be deemed to have incurred or continued indebtedness to purchase or carry tax-exempt obligations, financial institutions, property and casualty companies, foreign corporations and certain S corporations.

Bond Counsel expresses no opinion regarding any federal tax consequences other than its opinion with regard to the exclusion of interest on the Notes from gross income pursuant to Section 103 of the Code and interest on the Notes not constituting an item of tax preference under Section 57 of the Code. Prospective purchasers of the Notes should consult their tax advisors with respect to all other tax consequences (including, but not limited to, those listed above) of holding the Notes.

Changes in Federal Tax Law Regarding the Notes

Legislation affecting tax-exempt obligations is regularly considered by the United States Congress and may also be considered by the State. Court proceedings may also be filed, the outcome of which could modify the tax treatment of obligations such as the Notes. There can be no assurance that legislation enacted or proposed, or actions by a court, after the date of issuance of the Notes will not have an adverse effect on the tax status of interest on the Notes or the market value or marketability of the Notes. These adverse effects could result, for example, from changes to federal or state income tax rates, changes in the structure of federal or state income taxes (including replacement with another type of tax) or repeal (or reduction in the benefit) of the exclusion of interest on the Notes from gross income for federal or state income tax purposes for all or certain taxpayers.

State Taxation

Bond Counsel is of the opinion that, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act.

THE OPINIONS EXPRESSED BY BOND COUNSEL WITH RESPECT TO THE NOTES ARE BASED UPON EXISTING LAWS AND REGULATIONS AS INTERPRETED BY RELEVANT JUDICIAL DECISIONS AND REGULATORY CHANGES AS OF THE DATE OF ISSUANCE OF THE NOTES, AND BOND COUNSEL HAS EXPRESSED NO OPINION WITH RESPECT TO ANY LEGISLATION, REGULATORY CHANGES OR LITIGATION ENACTED, ADOPTED OR DECIDED SUBSEQUENT

THERE TO. PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT THEIR OWN TAX ADVISORS REGARDING THE POTENTIAL IMPACT OF ANY PENDING OR PROPOSED FEDERAL OR STATE TAX LEGISLATION, REGULATIONS OR LITIGATION.

SECONDARY MARKET DISCLOSURE

Solely for purposes of complying with Rule 15c2-12 of the Securities and Exchange Commission, as amended and interpreted from time to time (the “Rule”), and provided that the Notes are not exempt from the Rule and provided that the Notes are not exempt from the following requirements in accordance with paragraph (d) of the Rule, for so long as the Notes remain outstanding (unless the Notes have been wholly defeased), the Township shall provide for the benefit of the holders of the Notes and the beneficial owners thereof, in a timely manner not in excess of ten business days after the occurrence of the event, to the Municipal Securities Rulemaking Board’s Electronic Municipal Market Access (“EMMA”) dataport, notice of any of the following events with respect to the Notes:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes;
- (7) Modifications to the rights of holders of the Notes, if material;
- (8) Note calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution or sale of property securing repayment of the Notes, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the Township;
- (13) The consummation of a merger, consolidation or acquisition involving the Township or the sale of all or substantially all of the assets of the Township, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the Township, if material, or agreement to covenants, events of default, remedies, priority rights or other similar terms of a Financial Obligation of the Township, any of which affect holders of the Notes, if material; and
- (16) Default, event of acceleration, termination event, modification of terms or other similar events under a Financial Obligation of the Township, if any such event reflects financial difficulties.

The term “Financial Obligation” as used in subparagraphs (15) and (16) above means a (i) debt obligation, (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation or (iii) guarantee of (i) or (ii); provided, however, that the

term “Financial Obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

If all or any part of the Rule ceases to be in effect for any reason, then the information required to be provided under this undertaking, insofar as the provision of the Rule no longer in effect required the provision of such information, shall no longer be required to be provided.

The Chief Financial Officer shall determine, in consultation with Bond Counsel, the application of the Rule or the exemption from the Rule for each issue of obligations of the Township prior to their offering. Such officer is authorized to enter into additional written contracts or undertakings to implement the Rule and to amend such contracts or undertakings or the undertakings set forth herein, provided such amendment is, in the opinion of Bond Counsel, in compliance with the Rule.

In the event that the Township fails to comply with the Rule requirements or the written contracts or undertakings specified in this undertaking, the Township shall not be liable for monetary damages, remedy being specifically limited to specific performance of the Rule requirements or the written contracts or undertakings therefor.

In accordance with the Rule and prior secondary market disclosure undertakings, within the five years immediately preceding the date of this Official Statement, the Township failed to timely file its disclosure event notice associated with a Notice of Financial Obligation for a Note relating to the Water Bank Construction Financing Program of the New Jersey Infrastructure Bank, dated June 8, 2023. Additionally, the Township failed to timely file the required late filing notice in connection with the item referenced above. Such information has since been filed with EMMA. The Township appointed Phoenix Advisors, Hamilton, New Jersey, to serve as continuing disclosure agent to assist in the filing of certain information on EMMA as required under its prior secondary market disclosure undertakings.

MUNICIPAL BANKRUPTCY

The undertakings of the Township should be considered with reference to Chapter IX of the Bankruptcy Act, 11 U.S.C. Section 901 et seq., as amended by Public Law 94-260, approved April 8, 1976, and as further amended on November 6, 1978 by the Bankruptcy Reform Act of 1978, effective October 1, 1979, as further amended by Public Law 100-597, effective November 3, 1988, and as further amended and other bankruptcy laws affecting creditor’s rights and municipalities in general. The amendments of P.L. 94-260 replace former Chapter IX and permit the State or any political subdivision, public agency or instrumentality that is insolvent or unable to meet its debts to file a petition in a court of bankruptcy for the purpose of effecting a plan to adjust its debts; directs such a petitioner to file with the court a list of petitioner’s creditors; provides that a petition filed under such chapter shall operate as a stay of the commencement or continuation of any judicial or other proceeding against the petitioner; grants priority to debt owed for services or material actually provided within three months of the filing of the petition; directs a petitioner to file a plan for the adjustment of its debts; and provides that the plan must be accepted in writing by or on behalf of creditors holding at least two-thirds in amount or more than one-half in number of the listed creditors. The 1976 Amendments were incorporated into the Bankruptcy Reform Act of 1978 with only minor changes.

Reference should also be made to N.J.S.A. 52:27-40 et seq., which provides that a municipality has the power to file a petition in bankruptcy provided the approval of the Municipal Finance Commission has been obtained. The powers of the Municipal Finance Commission have been vested in the Local Finance Board. The Bankruptcy Act specifically provides that Chapter IX does not limit or impair the power of a state

to control, by legislation or otherwise, the procedures that a municipality must follow in order to take advantage of the provisions of the Bankruptcy Act.

APPROVAL OF LEGAL PROCEEDINGS

All legal matters incident to the authorization, issuance, sale and delivery of the Notes are subject to the approval of Bond Counsel to the Township, whose approving legal opinion will be delivered with the Notes substantially in the form as set forth in Appendix “C”. Certain legal matters will be passed on for the Township by the Township Attorney.

UNDERWRITING

The Notes have been purchased from the Township at a public sale by _____ (the “Underwriter”) at a price of \$ _____ (consisting of the par amount of the Notes plus original issue premium in the amount of \$ _____ less Underwriter’s discount in the amount of \$ _____). The Underwriter has purchased the Notes in accordance with the Notice of Sale. The Notes are being offered for sale at the yield set forth on the cover page of this Official Statement.

The Underwriter intends to offer the Notes to the public initially at the offering yield set forth on the cover page of this Official Statement, which may subsequently change without any requirement of prior notice. The Underwriter may offer and sell the Notes to certain dealers (including dealers depositing the Notes into investment trusts) at a yield higher than the public offering yield set forth on the cover page, and such yield may be changed, from time to time, by the Underwriter without prior notice.

RATING

S&P Global Ratings, a division of Standard and Poor’s Financial Services LLC (the “Rating Agency”), has assigned a short-term rating of “SP-1+” to the Notes based upon the creditworthiness of the Township.

The rating reflects only the views of the Rating Agency and an explanation of the significance of such rating may only be obtained from the Rating Agency. The Township furnished to the Rating Agency certain information and materials concerning the Notes and the Township. There can be no assurance that the rating will be maintained for any given period of time or that it may not be raised, lowered or withdrawn entirely if, in the Rating Agency’s judgment, circumstances so warrant. Any downward change in or withdrawal of such rating may have an adverse effect on the marketability or market price of the Notes.

MUNICIPAL ADVISOR

Phoenix Advisors, a division of First Security Municipal Advisors, Inc., Hamilton, New Jersey, has served as Municipal Advisor to the Township in connection with the issuance of the Notes (the “Municipal Advisor”) and has assisted in matters related to the planning, structuring and terms of the Notes. The Municipal Advisor is not obligated to undertake, and has not undertaken, either to make an independent verification of or to assume responsibility for the accuracy, completeness or fairness of the information contained in this Official Statement and the Appendices hereto. The Municipal Advisor is an Independent Registered Municipal Advisor

pursuant to the Dodd-Frank Act and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities.

PREPARATION OF OFFICIAL STATEMENT

The Township hereby states that the descriptions and statements herein, including financial statements, are true and correct in all material respects, and it will confirm to the Underwriter by a certificate signed by the Mayor and the Chief Financial Officer of the Township that, to their knowledge, such descriptions and statements, as of the date of this Official Statement, are true and correct in all material respects and do not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in light of the circumstances under which they were made, not misleading.

The Municipal Advisor has participated in the preparation and review of the information contained in this Official Statement, including the collection of financial, statistical and demographic information; however, it has not verified the accuracy, completeness or fairness thereof, and, accordingly, expresses no opinion or other assurance with respect thereto. Certain information set forth herein has been obtained from the Township and other sources, which are deemed reliable, but no warranty, guaranty or other representation as to the accuracy or completeness is made as to such information contained herein. There is no assurance that any of the assumptions or estimates contained herein will be realized.

Bond Counsel has neither participated in the preparation of the financial or statistical information contained in this Official Statement, nor has it verified the accuracy, completeness or fairness thereof and, accordingly, expresses no opinion with respect thereto.

All other information has been obtained from sources which the Township considers to be reliable, and it makes no warranty, guaranty or other representation with respect to the accuracy and completeness of such information.

ADDITIONAL INFORMATION

Inquiries regarding this Official Statement, including any information additional to that contained herein, may be directed to Julie Troutman, Chief Financial Officer, Township of Hopewell, 201 Washington Crossing-Penn Road, Titusville, New Jersey 08560, (609) 537-0234, or to the Municipal Advisor, Phoenix Advisors, a division of First Security Municipal Advisors, Inc., 2000 Waterview Drive, Suite 101, Hamilton, New Jersey 08691, telephone (609) 291-0130.

MISCELLANEOUS

This Official Statement is not to be construed as a contract or agreement among the Township, the Underwriter and the holders of any of the Notes. Any statements made in this Official Statement involving matters of opinion, whether or not expressly so stated, are intended merely as opinions and not as representations of fact. The information and expressions of opinion contained herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale of the Notes made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs (financial or otherwise) of the Township since the date hereof. The information contained in this Official Statement is not guaranteed as to accuracy or completeness.

TOWNSHIP OF HOPEWELL, IN THE COUNTY MERCER, NEW JERSEY

By: _____

Julie Troutman
Chief Financial Officer

Dated: September __, 2025

APPENDIX A

**CERTAIN ECONOMIC AND DEMOGRAPHIC INFORMATION ABOUT THE TOWNSHIP OF
HOPEWELL, IN THE COUNTY OF MERCER, NEW JERSEY**

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INFORMATION REGARDING THE TOWNSHIP OF HOPEWELL¹

The following material presents certain economic and demographic information of the Township of Hopewell (the “Township”), in the County of Mercer (the “County”), in the State of New Jersey (the “State”).

General Information

The Township is comprised of an area of approximately sixty (60) square miles and it is bounded by Hunterdon County to the north, the Delaware River to the west, Lawrence and Ewing Townships to the south and Princeton to the east. The Township also surrounds the Boroughs of Hopewell and Pennington. The Township is divided by New Jersey State Highway Route 31. The cities of Philadelphia and New York provide cultural and economic centers which are easily accessible via Interstates 95 and 295 which run through the Township, commuter railroad transportation and/or bus service. Air travel connections are available at the Trenton/Mercer Airport which is located just over the Township's southern border in Ewing Township.

The area encompassing the Township is bucolic in nature. A mixture of pastoral, wooded and rugged terrain guarantees that future development will be limited to suitable areas, allowing the Township to retain its rural and unspoiled characteristics.

A full range of commercial establishments are located in the Township. Restaurants, service stations, grocery and food specialty shops, banks and offices complement the residential nature of the Township's developed areas. Additional commercial and retail shopping is available in the Boroughs of Hopewell and Pennington. Major corporate employers are Janssen Pharmaceutical (a division of Johnson & Johnson) and Capital Health Systems.

Public and quasi-public land uses in the Township include the Mercer County Howell Living History Farm and the Mercer County Belle Mountain recreation area in the northwest section of the Township. Washington Crossing State Park, Mercer County Park Northwest and Mercer County's Rosedale Park provide both passive and active recreation areas within the Township. Baldpate Mountain, owned by the County, the State and the Township; the Aliger property which is owned by the Township; and Independence Park which is owned by the Township, also provide for passive and active recreation.

Vacant land area is predominately zoned for residential development, which provides for several zoning classifications from five units per acre in the Township's growth zone up to fourteen acre sites in the mountainous areas.

¹ Source: The Township (unless otherwise indicated).

Education

The Township is served by the Hopewell Valley Regional School District, an all-purpose regional school district which is comprised of Hopewell Borough, the Township, and Pennington Borough (the "School District"). The School District is a type II school district and currently provides education for grades pre-K through 12. There are four (4) elementary schools that house grades pre-K through 5; one (1) middle school that houses grades 6 through 8; and one (1) high school for grades 9 through 12.

The School District's Board of Education is comprised of nine (9) elected members, elected for staggered three (3) year terms. Pursuant to State statute, the Board of Education appoints a Superintendent and Business Administrator/Board Secretary.

In addition to the schools of the Hopewell Valley Regional School District, there are several private schools conveniently available in the adjacent communities. Area higher education is provided by The College of New Jersey, Princeton University, Rider University and Mercer County Community College, all of which are located in adjacent communities. These universities and colleges offer a full range of curriculum in undergraduate, graduate and doctoral studies.

Form of Government

The Township is governed by a five-member Township Committee elected on an at-large basis. Each year the elected body selects one of its members to serve as Mayor for a one-year term. The Township Committee has responsibility for all executive and legislative matters, including the enactment of all ordinances and resolutions.

Administrative responsibilities are vested in a full-time professionally trained Township Administrator, who is charged with overseeing the "day-to-day" operations of the municipal government. Township offices and departments include: the Office of the Township Administrator, Municipal Court, the Office of the Township Clerk, the Department of Finance, the Department of Revenue Collection, the Offices of Planning, Zoning and Affordable Housing, the Municipal Construction Department, the Police Department, the Department of Public Works and the Health Department.

The Township Committee formulates policy with input from the Township's professional staff, as well as resident volunteers who serve on various boards, commissions or committees.

The volunteer boards of the municipal government are: Zoning Board of Adjustment, Planning Board, Environmental Commission, Historic Preservation Commission, Affordable Housing Committee, Board of Health, the Agricultural Advisory Committee, the Open Space Advisory Committee, Citizens Equality Advisory Committee, Deer Management Advisory Committee, Recreation Advisory Committee, Senior Advisory Committee, Senior Advisory Board and Woolsey Park Advisory Committee.

Public Works

Public Works provides curbside service Township-wide including: bulky waste (January, April, May, June, September and October) and brush pickup monthly by zone (exceptions: the months of July, August, November and December), Freon disposal (monthly), leaf pickup (spring and autumn) and tire pickup (twice during the year). Additionally, this department maintains 144 miles of Township roadway (including surface repairs and snow removal), all Township vehicles, all municipal buildings and any parks or recreational facilities that are the responsibility of the Township.

Utilities

Electric and gas service is provided by Jersey Central Power & Light, PSE&G Gas Company, and Elizabethtown Gas Company. Private companies supply garbage collection. Comcast Cablevision and Verizon Fios provide cable television service. Seventy percent of Township residents have septic systems and well water. Trenton Water Works supplies water to neighborhoods south of Lawrenceville-Pennington and Washington Crossing-Pennington Roads. Elizabethtown Water Company has a limited franchise to provide water for a few neighborhoods in the northern section of the Township. Stony Brook Regional Sewerage Authority and the Ewing-Lawrence Sewerage Authority provide sewage treatment to those areas which are sewered.

Public Safety

The Police Department provides 24-hour service to the residents of the Township and to the residents of Hopewell Borough via an interlocal service agreement that has been in place since January 1983. The department consists of a Chief, Lieutenants, Sergeants, Patrol Officers, Dispatchers, Secretary and a Discovery Clerk. Services to the public include: Resident Identification Cards, Crime Watch, Domestic Violence Task Force, a Traffic Service Unit and educational services in local schools.

Recreation

The Hopewell Valley Recreation Department was created to foster a regional approach to the delivery of recreation and leisure services.

The department sponsors a comprehensive array of recreation and leisure services and a wide variety of community trips, senior citizens activities and programs for children and teens. More than 40 programs were offered throughout the year, including senior breakfasts, community trips, baseball games, a weekly senior bridge program, voice and dance lessons, a youth wrestling program and a youth field hockey program.

The department also manages the Township's parks, playgrounds and athletic facilities, including the Municipal Athletic Complex, the 22-acre Independence Park, the 173 acre Woolsey Park and the 49-acre Twin Pines facility that is currently being used as a practice sight for many of the community's soccer and lacrosse teams. The Township continues its partnership with neighboring Lawrence Township in the maintenance and development of the Twin Pines Site.

The Township is the recreation department's fiscal agent and provides salary and certain operating expenses through its annual municipal budget. A trust fund was established for fee-based programs that are designed to be self-supporting and provide employment to part-time staff members.

Pension and Retirement Systems

Substantially all eligible employees participate in the Public Employees' Retirement System, the Police and Firemen's Retirement System or the Defined Contribution Retirement Program, which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (the "Division"). Benefits, contributions, means of funding and the manner of administration are established pursuant to State statute. The Division annually charges municipalities and other participating governmental units for their respective contributions to the plans based upon actuarial calculations and the employees contribute a portion of the cost. Each Plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes the financial statements and required supplementary information. This report may be obtained by writing to the Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625 or is available online at www.nj.gov/treasury/pensions/financial-reports.shtml.

The Public Employees' Retirement System ("PERS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of January 1, 1955, under the provisions of N.J.S.A. 43:15A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time employees of the State or any county, municipality, school district or public agency, provided the employee is not required to be a member of another State-administered retirement system or other State pension fund or local jurisdiction's pension fund.

The Police and Firemen's Retirement System ("PFRS") is a cost-sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944, under the provisions of N.J.S.A. 43:16A, to provide retirement, death, disability and medical benefits to certain qualified members. Membership is mandatory for substantially all full-time county and municipal police and firemen or officer employees with police powers appointed after June 30, 1944.

The Defined Contribution Retirement Program ("DCRP") is a multiple-employer defined contribution pension fund which was established July 1, 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, and was expanded under the provisions of Chapter 89, P.L. 2009. The DCRP provides eligible employees and their beneficiaries with a tax-sheltered, defined contribution retirement benefit, along with life insurance coverage and disability coverage.

Employment and Unemployment Comparisons

For the following years, the New Jersey Department of Labor reported the following annual average employment information for the Township, the County, and the State:

| | <u>Total Labor Force</u> | <u>Employed Labor Force</u> | <u>Total Unemployed</u> | <u>Unemployment Rate</u> |
|------------------------|-------------------------------------|--|------------------------------------|-------------------------------------|
| <u>Township</u> | | | | |
| 2024 | 9,159 | 8,881 | 278 | 3.0% |
| 2023 | 9,113 | 8,867 | 246 | 2.7% |
| 2022 | 9,011 | 8,790 | 221 | 2.5% |
| 2021 | 8,819 | 8,463 | 356 | 4.0% |
| 2020 | 8,627 | 8,175 | 452 | 5.2% |
| <u>County</u> | | | | |
| 2024 | 199,583 | 190,833 | 8,750 | 4.4% |
| 2023 | 198,699 | 190,533 | 8,166 | 4.1% |
| 2022 | 195,425 | 188,302 | 7,123 | 3.6% |
| 2021 | 192,685 | 180,980 | 11,705 | 6.1% |
| 2020 | 192,510 | 177,193 | 15,317 | 8.0% |
| <u>State</u> | | | | |
| 2024 | 4,898,008 | 4,676,064 | 221,944 | 4.5% |
| 2023 | 4,867,113 | 4,659,779 | 207,334 | 4.3% |
| 2022 | 4,756,002 | 4,572,879 | 183,123 | 3.9% |
| 2021 | 4,654,243 | 4,342,075 | 312,168 | 6.7% |
| 2020 | 4,643,700 | 4,204,301 | 439,399 | 9.5% |

Source: New Jersey Department of Labor, Office of Research and Planning, Division of Labor Market and Demographic Research, Bureau of Labor Force Statistics, Local Area Unemployment Statistics

Income (as of 2023)

| | <u>Township</u> | <u>County</u> | <u>State</u> |
|-------------------------|------------------------|----------------------|---------------------|
| Median Household Income | \$177,088 | \$96,333 | \$101,050 |
| Median Family Income | 208,052 | 124,699 | 123,892 |
| Per Capita Income | 77,201 | 52,101 | 53,118 |

Source: US Bureau of the Census, 2023 American Community Survey 5-Year Estimates

Population

The following tables summarize population increases and the decreases for the Township, the County, and the State.

| | <u>Township</u> | | <u>County</u> | | <u>State</u> | |
|--------------------|--------------------------|------------------------|--------------------------|------------------------|--------------------------|------------------------|
| <u>Year</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> | <u>Population</u> | <u>% Change</u> |
| 2024 est. | 17,916 | 2.43% | 392,138 | 1.24% | 9,500,851 | 2.28% |
| 2020 | 17,491 | 1.08 | 387,340 | 5.68 | 9,288,994 | 5.65 |
| 2010 | 17,304 | 7.44 | 366,513 | 4.49 | 8,791,894 | 4.49 |
| 2000 | 16,105 | 38.96 | 350,761 | 7.65 | 8,414,350 | 8.85 |
| 1990 | 11,590 | 6.40 | 325,824 | 5.83 | 7,730,188 | 4.96 |

Source: United States Department of Commerce, Bureau of the Census

Largest Taxpayers

The ten largest taxpayers in the Township and their assessed valuations are listed below:

| <u>Taxpayers</u> | <u>2024 Assessed Valuation</u> | <u>% of Total Assessed Valuation</u> |
|--------------------------------|---|---|
| American Blvd SPV# | \$108,763,504 | 2.72% |
| Cole Hopewell Twp | 92,400,000 | 2.31% |
| Janssen Pharmaceutical | 91,230,100 | 2.28% |
| Beigene Hopewell Urban Renewal | 75,000,000 | 1.88% |
| AREP Hopewell LLC | 72,035,000 | 1.80% |
| Hopewell Campus Owner LLC | 60,000,000 | 1.50% |
| US Home Corp DBA Lennar | 52,800,000 | 1.32% |
| One Talent | 49,583,400 | 1.24% |
| Trustees of Princeton | 35,770,100 | 0.90% |
| Hopewell TC Associates | <u>24,646,100</u> | <u>0.62%</u> |
| Total | <u>\$662,228,204</u> | <u>16.58%</u> |

Source: School District Annual Comprehensive Financial Report & Municipal Tax Assessor

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Comparison of Tax Levies and Collections

| <u>Year</u> | <u>Tax Levy</u> | <u>Current Year Collection</u> | <u>Current Year % of Collection</u> |
|--------------------|------------------------|---|--|
| 2024 | \$127,483,286 | \$126,592,512 | 99.30% |
| 2023 | 122,048,246 | 119,561,478 | 97.96% |
| 2022 | 118,978,587 | 118,232,937 | 99.37% |
| 2021 | 116,808,474 | 115,661,661 | 99.02% |
| 2020 | 117,155,619 | 115,832,713 | 98.87% |

Source: Annual Audit Reports of the Township

Delinquent Taxes and Tax Title Liens

| <u>Year</u> | <u>Amount of Tax Title Liens</u> | <u>Amount of Delinquent Tax</u> | <u>Total Delinquent</u> | <u>% of Tax Levy</u> |
|--------------------|---|--|------------------------------------|---------------------------------|
| 2024 | \$446,323 | \$571,929 | \$1,018,253 | 0.80% |
| 2023 | 382,547 | 2,344,181 | 2,726,728 | 2.23% |
| 2022 | 385,716 | 614,306 | 1,000,022 | 0.84% |
| 2021 | 318,563 | 1,008,058 | 1,326,621 | 1.14% |
| 2020 | 310,332 | 1,444,356 | 1,754,688 | 1.50% |

Source: Annual Audit Reports of the Township

Property Acquired by Tax Lien Liquidation

| <u>Year</u> | <u>Amount</u> |
|--------------------|----------------------|
| 2024 | \$0 |
| 2023 | 0 |
| 2022 | 0 |
| 2021 | 0 |
| 2020 | 0 |

Source: Annual Audit Reports of the Township

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Tax Rates per \$100 of Net Valuations Taxable and Allocations

The table below lists components of the tax rates for Township residents, per \$100 of assessed valuation, for the past five (5) years.

| <u>Year</u> | <u>Municipal</u> | <u>Municipal Open Space</u> | <u>Regional School</u> | <u>County</u> | <u>Fire District</u> | <u>Total</u> |
|--------------------|-------------------------|--|-----------------------------------|----------------------|---------------------------------|---------------------|
| 2025 | \$0.440 | \$0.030 | N/A | N/A | N/A | N/A |
| 2024 | 0.443 | 0.030 | 1.836 | 0.783 | 0.119 | 3.211 |
| 2023 | 0.435 | 0.030 | 1.752 | 0.727 | 0.112 | 3.056 |
| 2022 | 0.438 | 0.030 | 1.715 | 0.701 | 0.109 | 2.993 |
| 2021 | 0.437 | 0.030 | 1.782 | 0.701 | 0.109 | 3.059 |

Source: Abstract of Ratables and State of New Jersey – Property Taxes

Valuation of Property

| <u>Year</u> | <u>Aggregate Assessed Valuation of Real Property</u> | <u>Aggregate True Value of Real Property</u> | <u>Ratio of Assessed to True Value</u> | <u>Assessed Value of Personal Property</u> | <u>Equalized Valuation</u> |
|--------------------|---|---|---|---|---------------------------------------|
| 2024 | \$3,989,523,500 | \$4,848,126,747 | 82.29% | \$5,086,981 | \$4,853,213,728 |
| 2023 | 3,983,007,840 | 4,840,208,822 | 82.29 | 5,206,725 | 4,845,415,547 |
| 2022 | 3,878,045,310 | 4,576,404,661 | 84.74 | 6,076,246 | 4,582,480,907 |
| 2021 | 3,810,168,570 | 4,213,855,972 | 90.42 | 6,031,203 | 4,219,887,175 |
| 2020 | 3,919,619,970 | 4,161,397,144 | 94.19 | 5,228,162 | 4,166,625,306 |

Source: Abstract of Ratables and State of New Jersey – Table of Equalized Valuations

Classification of Ratables

The table below lists the comparative assessed valuation for each classification of real property within the Township for the past five (5) years.

| <u>Year</u> | <u>Vacant Land</u> | <u>Residential</u> | <u>Farm</u> | <u>Commercial</u> | <u>Industrial</u> | <u>Apartments</u> | <u>Total</u> |
|--------------------|---------------------------|---------------------------|--------------------|--------------------------|--------------------------|--------------------------|---------------------|
| 2024 | \$92,714,400 | \$2,820,927,300 | \$257,162,900 | \$510,011,900 | \$304,017,000 | \$4,690,000 | \$3,989,523,500 |
| 2023 | 77,068,300 | 2,802,849,900 | 252,428,460 | 508,013,700 | 338,028,500 | 4,618,980 | 3,983,007,840 |
| 2022 | 30,657,000 | 2,777,645,400 | 259,075,830 | 500,894,600 | 305,153,500 | 4,618,980 | 3,878,045,310 |
| 2021 | 30,077,200 | 2,758,499,500 | 254,671,970 | 503,361,900 | 259,006,400 | 4,551,600 | 3,810,168,570 |
| 2020 | 35,978,000 | 2,751,990,400 | 260,974,570 | 501,663,300 | 364,462,100 | 4,551,600 | 3,919,619,970 |

Source: Abstract of Ratables and State of New Jersey – Property Value Classification

Financial Operations

The following table summarizes the Township's Current fund budget for the past five (5) fiscal years ending December 31. This summary should be used in conjunction with the tables from which it is derived.

Summary of Current Fund Budget

| <u>Anticipated Revenues</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> | <u>2025</u> |
|---|---------------------|---------------------|---------------------|---------------------|---------------------|
| Fund Balance Utilized | \$1,730,000 | \$1,311,000 | \$1,995,000 | \$800,000 | \$3,350,000 |
| Miscellaneous Revenues | 5,020,408 | 5,815,637 | 6,154,291 | 6,783,682 | 8,899,311 |
| Receipts from Delinquent Taxes | 1,363,000 | 1,113,300 | 800,000 | 1,800,000 | 525,000 |
| Amount to be Raised by Taxation | <u>16,672,293</u> | <u>17,002,487</u> | <u>17,339,859</u> | <u>17,684,867</u> | <u>17,548,972</u> |
| Total Revenue: | <u>\$24,785,701</u> | <u>\$25,242,425</u> | <u>\$26,289,150</u> | <u>\$27,068,548</u> | <u>\$30,323,282</u> |
| | | | | | |
| <u>Appropriations</u> | | | | | |
| General Appropriations | \$15,253,671 | \$15,747,348 | \$16,408,314 | \$16,408,000 | \$17,968,793 |
| Operations (Excluded from CAPS) | 1,521,993 | 1,708,540 | 1,616,201 | 1,875,558 | 2,225,605 |
| Deferred Charges and Statutory Expenditures | 175,000 | 242,000 | 0 | 0 | 0 |
| Capital Improvement Fund | 250,000 | 258,000 | 670,000 | 400,000 | 1,795,000 |
| Municipal Debt Service | 6,326,326 | 6,081,087 | 6,384,263 | 6,782,486 | 6,733,550 |
| Reserve for Uncollected Taxes | <u>1,258,711</u> | <u>1,205,450</u> | <u>1,210,372</u> | <u>1,602,505</u> | <u>1,600,335</u> |
| Total Appropriations: | <u>\$24,785,701</u> | <u>\$25,242,425</u> | <u>\$26,289,150</u> | <u>\$27,068,548</u> | <u>\$30,323,282</u> |

Source: Annual Adopted Budgets of the Township

Fund Balance

Current Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Current Fund for the past five (5) fiscal years ending December 31.

| <u>Year</u> | <u>Fund Balance - Current Fund</u> | |
|--------------------|--|--|
| | <u>Balance</u> <u>12/31</u> | <u>Utilized in Budget</u> <u>of Succeeding Year</u> |
| 2024 | \$14,277,467 | \$3,350,000 |
| 2023 | 10,143,560 | 800,000 |
| 2022 | 11,808,778 | 1,995,000 |
| 2021 | 8,722,873 | 1,311,000 |
| 2020 | 8,979,773 | 1,730,000 |

Source: Annual Audit Reports of the Township

Water Utility Fund

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Water Utility Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Water Utility Operating Fund

| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------------|---------------------------------|---|
| 2024 | \$168,362 | \$28,840 |
| 2023 | 130,145 | 22,825 |
| 2022 | 156,358 | 55,000 |
| 2021 | 230,488 | 104,260 |
| 2020 | 205,817 | 91,400 |

Source: Annual Audit Reports of the Township

Sewer Utility Fund (ELSA)/(SBRSA)

The following table lists the Township's fund balance and the amount utilized in the succeeding year's budget for the Sewer Utility Fund for the past five (5) fiscal years ending December 31.

Fund Balance - Sewer Utility Operating Fund (ELSA)/(SBRSA)

| <u>Year</u> | <u>Balance 12/31</u> | <u>Utilized in Budget of Succeeding Year</u> |
|--------------------|---------------------------------|---|
| 2024 | \$259,975 | \$220,000 |
| 2023 | 280,662 | 198,327 |
| 2022 | 483,256 | 269,554 |
| 2021 | 616,827 | 99,275 |
| 2020 | 588,348 | 356,416 |

Source: Annual Audit Reports of the Township

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Township Indebtedness as of December 31, 2024

General Purpose Debt

| | |
|---|--------------|
| Serial Bonds | \$35,277,000 |
| Bond Anticipation Notes | 15,302,000 |
| Bonds and Notes Authorized but Not Issued | 770,000 |
| Other Bonds, Notes and Loans | <u>0</u> |
| Total: | \$51,349,000 |

Regional School District Debt

| | |
|---|--------------|
| Serial Bonds | \$22,825,200 |
| Temporary Notes Issued | 0 |
| Bonds and Notes Authorized but Not Issued | <u>0</u> |
| Total: | \$22,825,200 |

Self-Liquidating Debt

| | |
|---|-----------|
| Serial Bonds | \$711,000 |
| Bond Anticipation Notes | 108,000 |
| Bonds and Notes Authorized but Not Issued | 0 |
| Other Bonds, Notes and Loans | <u>0</u> |
| Total: | \$819,000 |

TOTAL GROSS DEBT **\$74,993,200**

| | |
|-------------------------------|----------------|
| Less: Statutory Deductions | |
| General Purpose Debt | \$5,860,637 |
| Regional School District Debt | 22,825,200 |
| Self-Liquidating Debt | <u>819,000</u> |
| Total: | \$29,504,837 |

TOTAL NET DEBT **\$45,488,363**

Source: Annual Debt Statement of the Township

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Overlapping Debt (as of December 31, 2024)²

| <u>Name of Related Entity</u> | <u>Related Entity Debt Outstanding</u> | <u>Township Percentage</u> | <u>Township Share</u> |
|--------------------------------------|---|---------------------------------------|----------------------------------|
| Regional School District | \$27,795,000 | 82.12% | \$22,825,200 |
| County | 635,709,173 | 7.55% | <u>48,024,338</u> |
| Net Indirect Debt | | | \$70,849,538 |
| Net Direct Debt | | | <u>45,488,363</u> |
| Total Net Direct and Indirect Debt | | | <u>\$116,337,901</u> |

Debt Limit

| | |
|--|----------------------|
| Average Equalized Valuation Basis (2022, 2023, 2024) | \$4,754,913,410 |
| Permitted Debt Limitation (3 1/2%) | 166,421,969 |
| Less: Net Debt | <u>45,488,363</u> |
| Remaining Borrowing Power | <u>\$120,933,606</u> |
| Percentage of Net Debt to Average Equalized Valuation | 0.957% |
| Gross Debt Per Capita based on 2024 population of 17,916 | \$4,186 |
| Net Debt Per Capita based on 2024 population of 17,916 | \$2,539 |

Source: Annual Debt Statement of the Township

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² Municipality's percentage of County debt is based on the Municipality's share of total equalized valuation in the County.

APPENDIX B

**EXCERPTS FROM FINANCIAL STATEMENTS OF
THE TOWNSHIP OF HOPEWELL,
IN THE COUNTY OF MERCER, NEW JERSEY**

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INVERSO & STEWART, LLC

Certified Public Accountants

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Marlton, New Jersey 08053
(856) 983-2244
Fax (856) 983-6674
E-Mail: rinverso@inversocpa.com

-Member of-
American Institute of CPAs
New Jersey Society of CPAs

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hopewell
County of Mercer
Hopewell, New Jersey 08560

Report on the Audit of the Financial Statements

Opinions

I have audited the accompanying statements of assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township of Hopewell, ("Township"), County of Mercer, State of New Jersey, as of December 31, 2024 and 2023 and the related statements of operations and changes in fund balance - regulatory basis for the year then ended, and the related statement of revenues-regulatory basis, statement of expenditures - regulatory basis, and the statement of general fixed asset account group for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements as listed in the table of contents.

Unmodified Opinions on Regulatory Basis of Accounting

In my opinion, the financial statements referred to previously present fairly, in all material respects, the assets, liabilities, reserves and fund balance - regulatory basis of the various funds of the Township as of December 31, 2024 and 2023 and the results of its operations and changes in fund balance - regulatory basis of such funds for the years then ended, and the revenues - regulatory basis and expenditures - regulatory basis of the various funds, and general fixed asset group of accounts - regulatory basis, for the year ended December 31, 2024, in conformity with accounting principles and practices prescribed by the Division of Local Government Services ("Division"), Department of Community Affairs, State of New Jersey as described in Note 1.

Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

In my opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America* section of my report, the accompanying financial statements referred to above do not present fairly the financial position of the Township as of December 31, 2024 and 2023, or the results of its operations and the changes in fund balance for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions on Regulatory Basis of Accounting

I conducted my audit in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and in compliance with audit requirements prescribed by the Division. My responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statement* section of my report. I am required to be independent of the Township and to meet my other ethical responsibilities, in accordance with the relevant ethical requirements relating to my audit. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

Basis for Adverse Opinion on Accounting Principles Generally Accepted in the United States of America

As described in Note 1 to the financial statements, the financial statements are prepared by the Township on the basis of the financial reporting provisions of the Division (regulatory basis), which is a basis of accounting other than accounting principles generally accepted in the United States of America, to meet with the requirements of the State of New Jersey. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the financial reporting provisions of the Division. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibility for the Audit of the Financial Statements

My objectives are to obtain reasonable assurance about whether the financial statements - regulatory basis as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgement made by a reasonable user based on the financial statements.

In performing an audit in accordance with auditing standards generally accepted in the United States of America and *Government Auditing Standards*, I:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in my judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Township's ability to continue as a going concern for a reasonable period of time.

I am required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that I identified during the audit.

Supplementary Information

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township's basic financial statements. The accompanying supplemental statements and schedules presented for the various funds, as listed in the table of contents, are presented for purposes of additional analysis as required by the Division and are not a part of the basic financial statements. The accompanying schedules of expenditures of federal awards and state financial assistance are presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and State of New Jersey Circular OMB 15-08, *Single Audit Policy for the Recipients of Federal Grants, State Grants and State Aid*, respectively, are not a required part of the basic financial statements.

Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the accompanying supplemental statements and schedules, and schedules of expenditures of federal and state financial assistance is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, I have also issued my report dated June 30, 2025, on my consideration of the Township's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of my testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Township's internal control over financial reporting and compliance.

Respectfully submitted,

INVERSO & STEWART, LLC

Certified Public Accountants



Robert P. Inverso

Certified Public Accountant

Registered Municipal Accountant

Marlton, New Jersey
June 30, 2025

INVERSO & STEWART, LLC

Certified Public Accountants

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-Member of-
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New Jersey Society of CPAs

REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

INDEPENDENT AUDITOR'S REPORT

The Honorable Mayor and
Members of the Township Committee
Township of Hopewell
County of Mercer
Hopewell, New Jersey

I have audited, in accordance with the auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, and the audit requirements as prescribed by the Division of Local Government Services ("Division"), Department of Community Affairs, State of New Jersey, the financial statements prepared on a regulatory basis of accounting prescribed by the Division, of the Township of Hopewell ("Township"), in the County of Mercer, State of New Jersey, as of and for the year ended December 31, 2024, and the related notes to the financial statements, which collectively comprise the Township's basic financial statements, and have issued my report thereon dated June 30, 2025. That report indicated that the Township's financial statements were not prepared in accordance with accounting principles generally accepted in the United States of America, but were prepared on a regulatory basis of accounting prescribed by the Division.

Report on Internal Control Over Financial Reporting

In planning and performing my audit of the financial statements, I considered the Township's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing my opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township's internal control. Accordingly, we do not express an opinion on the effectiveness of the Township's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

My consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during my audit I did not identify any deficiencies in internal control that I consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township's financial statements are free from material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statement. However, providing an opinion on compliance with those provisions was not an objective of my audit, and accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards, and audit requirements as prescribed by the Division.

Purpose of this Report

The purpose of this report is solely to describe the scope of my testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and audit requirements as prescribed by the Division and federal and state awarding agencies and pass-through entities, in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully submitted,

INVERSO & STEWART, LLC
Certified Public Accountants

A handwritten signature in black ink, appearing to read 'R. P. Inverso', written in a cursive style.

Robert P. Inverso
Certified Public Accountant
Registered Municipal Accountant

Marlton, New Jersey
June 30, 2025

TOWNSHIP OF HOPEWELL
Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|--|------------------|--------------------------------|--------------------------------|
| <u>ASSETS</u> | | | |
| Regular Fund: | | | |
| Cash - Treasurer | A-4 | \$ 16,639,730.70 | \$ 13,439,943.16 |
| Change Fund | A-5 | <u>750.00</u> | <u>750.00</u> |
| Total | | <u>16,640,480.70</u> | <u>13,440,693.16</u> |
| Receivables and Other Assets with Full Reserves: | | | |
| Delinquent Property Taxes Receivable | A-6 | 571,929.48 | 2,344,181.21 |
| Tax Title Liens Receivable | A-7 | 446,323.28 | 382,546.55 |
| Revenue Accounts Receivable | A-8 | 7,787.20 | 11,582.17 |
| Due from Sewer Utility Fund | D | <u></u> | <u>1,836.10</u> |
| Total | | <u>1,026,039.96</u> | <u>2,740,146.03</u> |
| Total Regular Fund | | <u>17,666,520.66</u> | <u>16,180,839.19</u> |
| Federal and State Grant Fund: | | | |
| Cash - Treasurer | A-4 | 897,685.61 | 950,470.56 |
| Federal and State Grants Receivable | A-22 | <u>4,370,131.48</u> | <u>5,339,890.47</u> |
| Total Federal and State Grant Fund | | <u>5,267,817.09</u> | <u>6,290,361.03</u> |
| Total Assets | | <u><u>\$ 22,934,337.75</u></u> | <u><u>\$ 22,471,200.22</u></u> |

TOWNSHIP OF HOPEWELL
Current Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|-------------------------|-------------------------|
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Regular Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | A-3 | \$ 496,043.89 | \$ 1,474,922.57 |
| Encumbrances Payable | A-3 | 554,981.55 | 466,523.03 |
| Accounts Payable | | 272,616.92 | 55,307.64 |
| Prepaid Taxes | A-10 | 809,535.15 | 802,725.16 |
| Tax Overpayments | A-11 | 46,270.32 | 155,378.65 |
| Reserve for Tax Appeals | A-12 | 100,000.00 | 100,000.00 |
| Reserve for Revaluation | A-13 | 12,353.25 | 12,353.25 |
| Reserve for Preparation of Master Plan | A-14 | 3,120.00 | 3,290.00 |
| Reserve for Historic Building Repairs | A-15 | 9,735.00 | 9,735.00 |
| Due State of New Jersey: | | | |
| Senior Citizen and Veterans Deductions | A-16 | 750.00 | 500.00 |
| Burial Permit Fees | | 35.00 | 50.00 |
| Due State of New Jersey - Marriage License Fees | A-17 | 400.00 | 250.00 |
| Due to Open Space Trust Fund | B | 2,202.49 | |
| Due County for Added Taxes | A-18 | 54,969.71 | 41,503.51 |
| Reserve for Municipal Relief Fund | | | 167,051.58 |
| Reserve for Garden State Trust | | | 7,543.00 |
| Total Liabilities | | 2,363,013.28 | 3,297,133.39 |
| Reserve for Receivables and Other Assets | A | 1,026,039.96 | 2,740,146.03 |
| Fund Balance | A-1 | 14,277,467.42 | 10,143,559.77 |
| Total Regular Fund | | 17,666,520.66 | 16,180,839.19 |
| Federal and State Grant Fund: | | | |
| Due to Open Space Trust Fund | B | | - |
| Unappropriated Reserves | A-23 | 12,033.00 | 7,745.24 |
| Appropriated Reserves | A-24 | 5,255,784.09 | 6,282,615.79 |
| Total Federal and State Grant Fund | | 5,267,817.09 | 6,290,361.03 |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 22,934,337.75</u> | <u>\$ 22,471,200.22</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|---|-----------------------|-----------------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 800,000.00 | \$ 1,995,000.00 |
| Miscellaneous Revenue Anticipated | 8,753,479.90 | 9,319,849.45 |
| Receipts from Delinquent Taxes | 2,366,554.91 | 659,611.24 |
| Receipts from Current Taxes | 126,592,512.24 | 119,561,477.96 |
| Nonbudget Revenues | 263,258.86 | 255,136.84 |
| Other Credits to Income: | | |
| Prior Year Interfund Liquidated | 1,836.10 | - |
| Unexpended Balance of Appropriation Reserves | 869,453.52 | 897,408.74 |
| Total Revenue and Other Income Realized | <u>139,647,095.53</u> | <u>132,688,484.23</u> |
| Expenditures: | | |
| Operations Within "CAPS": | | |
| Salaries and Wages | 7,507,175.00 | 6,722,501.87 |
| Other Expenses | 6,410,915.00 | 7,283,082.13 |
| Deferred Charges and Statutory Expenditures Within "CAPS" | 2,489,910.00 | 2,402,730.00 |
| Operations Excluded from "CAPS": | | |
| Salaries and Wages | 689,729.23 | 977,294.44 |
| Other Expenses | 1,982,569.67 | 3,397,289.08 |
| Capital Improvements Excluded from "CAPS" | 400,000.00 | 670,000.00 |
| Municipal Debt Service Excluded from "CAPS" | 6,780,557.53 | 6,381,843.49 |
| Deferred Charges Expenditures Excluded from "CAPS" | - | - |
| County Taxes | 30,502,361.88 | 28,978,162.97 |
| Due County for Added Taxes | 54,969.71 | 41,503.51 |
| Regional School District Tax | 72,058,759.00 | 69,859,488.00 |
| Fire District Tax | 4,602,666.46 | 4,445,777.00 |
| Municipal Open Space Tax | 1,198,383.00 | 1,196,464.00 |
| Municipal Open Space Tax - Added Taxes | 2,202.49 | 2,065.60 |
| Prior Year Overpayments Created | 32,238.91 | - |
| Prior Year Senior Citizen Deductions Disallowed | 750.00 | 500.00 |
| Total Expenditures | <u>134,713,187.88</u> | <u>132,358,702.09</u> |
| Less: Expenditures to be Raised by Future Taxes | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>134,713,187.88</u> | <u>132,358,702.09</u> |
| Statutory Excess to Fund Balance (Carried Forward) | 4,933,907.65 | 329,782.14 |

TOWNSHIP OF HOPEWELL
Current Fund

Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | 2024 | 2023 |
|--|--------------------------------|--------------------------------|
| Statutory Excess to Fund Balance (Brought Forward) | \$ 4,933,907.65 | \$ 329,782.14 |
| Fund Balance January 1 | <u>10,143,559.77</u> | <u>11,808,777.63</u> |
| Total | 15,077,467.42 | 12,138,559.77 |
| Decreased by Utilization as Anticipated Revenue | <u>800,000.00</u> | <u>1,995,000.00</u> |
| Fund Balance December 31 | <u><u>\$ 14,277,467.42</u></u> | <u><u>\$ 10,143,559.77</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2024

| | BUDGET | SPECIAL NJS 40A:4-87 | REALIZED | EXCESS (DEFICIT) |
|---|------------------|-------------------------|------------------|---------------------|
| Fund Balance Anticipated | \$ 800,000.00 | \$ - | \$ 800,000.00 | \$ - |
| Miscellaneous Revenues: | | | | |
| Local Revenues: | | | | |
| Licenses: | | | | |
| Alcoholic Beverage | 30,000.00 | | 30,250.00 | 250.00 |
| Fees and Permits | 390,000.00 | | 425,028.17 | 35,028.17 |
| Fines and Costs: | | | | |
| Municipal Court | 125,000.00 | | 166,716.89 | 41,716.89 |
| Interest and Costs on Taxes | 270,000.00 | | 502,093.56 | 232,093.56 |
| Interest on Investments and Deposits | 695,000.00 | | 1,104,730.74 | 409,730.74 |
| Cell Tower Rents | 35,000.00 | | 45,919.48 | 10,919.48 |
| CHS Staffing Support | 50,000.00 | | 50,000.00 | - |
| Capital Health System Settlement #1 | 145,017.00 | | 145,017.00 | - |
| Capital Health System Settlement #2 | 205,000.00 | | 205,329.43 | 329.43 |
| BiBeneficial at Hopewell Gardens | 60,000.00 | | 64,748.00 | 4,748.00 |
| Project Freedom PILOT | 40,000.00 | | 35,846.66 | (4,153.34) |
| The Parc PILOT | 400,000.00 | | 974,295.28 | 574,295.28 |
| State Aid Without Offsetting Appropriations: | | | | |
| Energy Receipts Tax | 1,620,661.00 | | 1,620,661.12 | 0.12 |
| Garden State Trust Fund | 47,680.00 | | 47,680.00 | - |
| Municipal Relief Fund | 167,051.00 | | 167,051.58 | 0.58 |
| Shared Services: | | | | |
| Interlocal Police Services - Hopewell Borough | 548,583.23 | | 548,583.23 | - |
| Interlocal Police Dispatch Services - Pennington Borough | 77,746.00 | | 77,746.00 | - |
| Interlocal Senior Services - Pennington Borough | 5,200.00 | | 5,200.00 | - |
| Interlocal Senior Services - Hopewell Borough | 5,200.00 | | 5,200.00 | - |
| Interlocal Animal Control - Pennington Borough | 13,260.00 | | 13,260.00 | - |
| Interlocal Animal Control - Hopewell Borough | 12,240.00 | | 12,240.00 | - |
| Interlocal Health Services - Pennington Borough | 51,000.00 | | 51,000.00 | - |
| Interlocal Health Services - Hopewell Borough | 42,840.00 | | 42,840.00 | - |
| Interlocal Electronic Recycling & Waste - Pennington Borough | 2,000.00 | | 2,000.00 | - |
| Interlocal Electronic Recycling & Waste - Hopewell Borough | 2,000.00 | | 2,000.00 | - |
| Special Items Offset with Appropriations: | | | | |
| Municipal Alliance on Alcoholism and Drug Abuse | 17,058.00 | | 17,058.00 | - |
| Body Armor Replacement Grant | 2,483.63 | | 2,483.63 | - |
| Clean Communities Grant | - | 71,921.80 | 71,921.80 | - |
| Spotted Lanternfly Population Reduction Grant | - | 20,000.00 | 20,000.00 | - |
| NDOT Grant | 526,581.00 | | 526,581.00 | - |
| Click it or Ticket | - | 7,000.00 | 7,000.00 | - |
| Opioid Settlement Fund | 5,261.61 | 19,770.35 | 25,031.96 | - |
| NJBPU Community Energy Plan Grant | - | 10,000.00 | 10,000.00 | - |
| Sustaining Local Public Health Infrastructure (NJACCHO) | - | 168,049.00 | 168,049.00 | - |
| Recycling Tonnage Grant | 27,419.28 | | 27,419.28 | - |
| Mercer County ARPA Funds - Ambulance | - | 500,000.00 | 500,000.00 | - |
| Reserve for Debt Service | 670,000.00 | | 670,000.00 | - |
| Reserve for Debt Service - Affordable Housing Trust | 200,000.00 | | 20,000.00 | (180,000.00) |
| Police Off-Duty Administration Fee | 25,000.00 | | 50,144.00 | 25,144.00 |
| Uniform Construction Code Administrative Fee | 20,000.00 | | 20,000.00 | - |
| Cable Franchise Fees | 219,400.00 | | 219,528.96 | 128.96 |
| Local Cannabis Tax Revenue | 30,000.00 | | 52,825.13 | 22,825.13 |
| Total | 6,783,681.75 | 796,741.15 | 8,753,479.90 | 1,173,057.00 |
| Receipts from Delinquent Taxes | 1,800,000.00 | | 2,366,554.91 | 566,554.91 |
| Amount to be Raised by Taxes for Support of Municipal Budget - | | | | |
| Local Tax for Municipal Purposes | 17,684,866.58 | | 19,775,674.28 | 2,090,807.70 |
| Budget Totals | 27,068,548.33 | 796,741.15 | 31,695,709.09 | \$ 3,830,419.61 |
| Nonbudget Revenues | - | - | 263,258.86 | |
| Total | \$ 27,068,548.33 | \$ 796,741.15 | \$ 31,958,967.95 | |

B-11

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Expended | | | Unexpended |
|---|----------------|------------------------------|--------------------|------------|-----------|---------------------|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved | Balance Canceled |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Within "CAPS": | | | | | | |
| General Government: | | | | | | |
| Governing Body: | | | | | | |
| Salaries and Wages | \$ 27,500.00 | \$ 27,500.00 | \$ 27,500.00 | \$ - | \$ - | |
| Other Expenses | 11,000.00 | 11,000.00 | 6,895.58 | - | 4,104.42 | |
| Administration: | | | | | | |
| Salaries and Wages | 278,000.00 | 278,000.00 | 264,964.67 | - | 13,035.33 | |
| Other Expenses | 280,865.00 | 280,865.00 | 231,451.97 | 44,144.84 | 5,268.19 | |
| Municipal Clerk: | | | | | | |
| Salaries and Wages | 156,500.00 | 156,500.00 | 153,770.59 | - | 2,729.41 | |
| Other Expenses | 42,000.00 | 42,000.00 | 32,730.19 | 4,798.00 | 4,471.81 | |
| Financial Administration: | | | | | | |
| Salaries and Wages | 189,500.00 | 189,500.00 | 184,353.10 | - | 5,146.90 | |
| Other Expenses | 40,000.00 | 40,000.00 | 17,644.89 | 4,784.80 | 17,570.31 | |
| Assessment of Taxes: | | | | | | |
| Salaries and Wages | 150,000.00 | 150,000.00 | 147,846.55 | - | 2,153.45 | |
| Other Expenses | 54,000.00 | 54,000.00 | 39,207.13 | 13,116.19 | 1,676.68 | |
| Collection of Taxes: | | | | | | |
| Salaries and Wages | 101,400.00 | 101,400.00 | 100,582.50 | - | 817.50 | |
| Other Expenses | 32,200.00 | 32,200.00 | 24,494.65 | 723.70 | 6,981.65 | |
| Legal Services and Costs: | | | | | | |
| Other Expenses | 325,000.00 | 325,000.00 | 259,190.76 | 64,309.24 | 1,500.00 | |
| Engineering Services and Costs: | | | | | | |
| Other Expenses | 95,000.00 | 95,000.00 | 65,595.01 | 13,079.74 | 16,325.25 | |
| Audit Services: | | | | | | |
| Other Expenses | 31,000.00 | 31,000.00 | 31,000.00 | - | | |
| Historic Preservation Committee (RS 400:23-6.22): | | | | | | |
| Other Expenses | 1,500.00 | 1,500.00 | - | - | 1,500.00 | |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Expended | | | Unexpended |
|-----------------------------------|----------------|------------------------------|--------------------|------------|--------------|---------------------|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved | Balance Canceled |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Within "CAPS": | | | | | | |
| Community Development | | | | | | |
| Salaries and Wages | \$ 379,000.00 | \$ 364,000.00 | \$ 350,290.58 | \$ - | \$ 13,709.42 | |
| Other Expenses | 135,000.00 | 135,000.00 | 67,617.55 | 54,439.25 | 12,943.20 | |
| Public Safety: | | | | | | |
| Police | | | | | | |
| Salary and Wages | 3,649,000.00 | 3,664,000.00 | 3,638,201.21 | - | 25,798.79 | |
| Other Expenses | 328,000.00 | 328,000.00 | 235,450.69 | 91,933.59 | 615.72 | |
| Prosecutor/Legal | | | | | | |
| Salary and Wages | 54,275.00 | 54,275.00 | 54,061.03 | - | 213.97 | |
| Other Expenses | 25,200.00 | 25,200.00 | 23,100.00 | 2,100.00 | | |
| Public Works: | | | | | | |
| Public Buildings and Grounds: | | | | | | |
| Salaries and Wages | 84,000.00 | 84,000.00 | 62,287.14 | - | 21,712.86 | |
| Other Expenses | 130,000.00 | 130,000.00 | 79,494.32 | 33,189.75 | 17,315.93 | |
| Fleet Maintenance: | | | | | | |
| Salaries and Wages | 156,000.00 | 156,000.00 | 143,235.69 | - | 12,764.31 | |
| Other Expenses | 125,000.00 | 140,000.00 | 105,540.36 | 31,772.29 | 2,687.35 | |
| Streets and Road: | | | | | | |
| Salaries and Wages | 1,620,000.00 | 1,620,000.00 | 1,574,163.38 | - | 45,836.62 | |
| Other Expenses | 296,000.00 | 296,000.00 | 229,559.40 | 58,493.62 | 7,946.98 | |
| Sanitation: Solid Waste Recycling | | | | | | |
| Other Expenses | 49,000.00 | 49,000.00 | 19,041.49 | 27,007.96 | 2,950.55 | |
| Insurance: | | | | | | |
| Liability Insurance | 634,000.00 | 634,000.00 | 633,007.00 | - | 993.00 | |
| Medical Insurance | 2,873,000.00 | 2,873,000.00 | 2,830,906.51 | 545.00 | 41,548.49 | |
| Health Benefit Waiver | 68,000.00 | 68,000.00 | 49,607.75 | - | 18,392.25 | |
| Disability Insurance | 6,000.00 | 6,000.00 | 4,630.94 | - | 1,369.06 | |
| Health and Human Services: | | | | | | |
| Public Health Services: | | | | | | |
| Salaries and Wages | 271,000.00 | 176,000.00 | 130,574.74 | - | 45,425.26 | |
| Other Expenses | 44,000.00 | 79,000.00 | 54,688.20 | 20,170.91 | 4,140.89 | |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Expended | | | Unexpended |
|--|----------------------|------------------------------|----------------------|-------------------|-------------------|---------------------|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved | Balance Canceled |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Within "CAPS": | | | | | | |
| Animal Control Services: | | | | | | |
| Other Expenses | \$ 25,000.00 | \$ 25,000.00 | \$ 25,000.00 | \$ - | \$ - | |
| Senior Services: | | | | | | |
| Salaries and Wages | 81,000.00 | 81,000.00 | 63,799.04 | - | 17,200.96 | |
| Other Expenses | 10,800.00 | 10,800.00 | 9,482.93 | 819.45 | 497.62 | |
| Environmental Commission: | | | | | | |
| Other Expenses | 7,400.00 | 7,400.00 | 787.38 | 4,840.00 | 1,772.62 | |
| Recreation: | | | | | | |
| Salaries and Wages | 149,000.00 | 149,000.00 | 146,893.00 | - | 2,107.00 | |
| Other Expenses | 6,000.00 | 6,000.00 | 5,142.09 | 441.64 | 416.27 | |
| Parks and Maintenance: | | | | | | |
| Salaries and Wages | 30,000.00 | 30,000.00 | - | - | 30,000.00 | |
| Other Expenses | 29,000.00 | 29,000.00 | 25,154.74 | 1,560.43 | 2,284.83 | |
| Municipal Court: | | | | | | |
| Salaries and Wages | 226,000.00 | 226,000.00 | 225,429.82 | - | 570.18 | |
| Other Expenses | 8,000.00 | 8,000.00 | 6,989.33 | 594.94 | 415.73 | |
| Public Defender: | | | | | | |
| Other Expenses | 20,000.00 | 20,000.00 | 17,315.50 | 1,150.00 | 1,534.50 | |
| Contribution to Water Utility | | | | | | |
| Other Expenses | 3,750.00 | 3,750.00 | 3,750.00 | - | | |
| Contribution to Storm Recovery Trust | | | | | | |
| Other Expenses | 1,000.00 | 1,000.00 | 1,000.00 | - | | |
| Utilities: | | | | | | |
| Street Lighting | 175,000.00 | 175,000.00 | 146,585.69 | 17,690.57 | 10,723.74 | |
| Utilities | 166,200.00 | 176,200.00 | 151,363.10 | 14,243.30 | 10,593.60 | |
| Telephone | 72,000.00 | 72,000.00 | 50,822.09 | 5,157.11 | 16,020.80 | |
| Motor Fuels | | | | | | |
| Other Expenses | 185,000.00 | 200,000.00 | 150,529.76 | 43,823.97 | 5,646.27 | |
| Accumulated Absence | 1,000.00 | 1,000.00 | 1,000.00 | - | | |
| Total Operations Including Contingent - Within "CAPS" | 13,938,090.00 | 13,918,090.00 | 12,903,730.04 | 554,930.29 | 459,429.67 | - |
| Detail: | | | | | | |
| Salaries and Wages | 7,602,175.00 | 7,507,175.00 | 7,267,953.04 | - | 239,221.96 | - |
| Other Expenses | 6,335,915.00 | 6,410,915.00 | 5,635,777.00 | 554,930.29 | 220,207.71 | - |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Paid or Charged | Expended | | Unexpended Balance Canceled |
|--|----------------------|------------------------------|----------------------|-------------------|-------------------|-----------------------------------|
| | Budget | Budget After Modification | | Encumbered | Reserved | |
| Deferred Charges and Statutory Expenditures - Municipal - Within "CAPS": | | | | | | |
| STATUTORY EXPENDITURES: | | | | | | |
| Contribution to: | | | | | | |
| Public Employees' Retirement System | \$ 734,685.00 | \$ 754,685.00 | \$ 734,685.94 | \$ - | \$ 19,999.06 | \$ - |
| Social Security System (O.A.S.I.) | 600,000.00 | 600,000.00 | 598,244.96 | - | 1,755.04 | |
| Police and Firemen's Retirement System | 1,129,225.00 | 1,129,225.00 | 1,129,223.19 | - | 1.81 | |
| Defined Contribution Retirement Program | 6,000.00 | 6,000.00 | 2,226.58 | - | 3,773.42 | |
| Total Deferred Charges and Statutory Expenditures - Municipal Within "CAPS" | 2,469,910.00 | 2,489,910.00 | 2,464,380.67 | - | 25,529.33 | - |
| Total General Appropriations - For Municipal Purposes Within "CAPS" | 16,408,000.00 | 16,408,000.00 | 15,368,110.71 | 554,930.29 | 484,959.00 | - |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Excluded from "CAPS": | | | | | | |
| Recycling Tonnage Tax Insurance | 1,000.00 | 1,000.00 | 148.74 | 51.26 | 800.00 | |
| Medical Insurance | - | - | - | - | | |
| Recycling - MCIA | 492,055.00 | 492,055.00 | 492,055.00 | - | | |
| Electronic Recycling | 4,000.00 | 4,000.00 | - | - | 4,000.00 | |
| Police / Dispatch Services: | | | | | | |
| Police Services | | | | | | |
| Salaries and Wages | 508,583.23 | 508,583.23 | 508,583.23 | - | | |
| Other Expenses | 40,000.00 | 40,000.00 | 40,000.00 | - | | |
| Dispatch Services | | | | | | |
| Salaries and Wages | 77,746.00 | 77,746.00 | 77,746.00 | - | | |
| Emergency Medical Services Dispatch Mercer County | | | | | | |
| Other Expenses | 16,140.00 | 16,140.00 | 16,140.00 | - | | |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Expended | | | Unexpended |
|---|---------------------|------------------------------|---------------------|--------------|------------------|---------------------|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved | Balance Canceled |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Excluded from "CAPS": | | | | | | |
| Senior Service Coordinator | | | | | | |
| Salaries and Wages | \$ 10,400.00 | \$ 10,400.00 | \$ 10,400.00 | \$ - | \$ - | \$ - |
| Other Expenses | 5,169.00 | 5,169.00 | 5,169.00 | - | | |
| Animal Control Services | | | | | | |
| Other Expenses | 25,500.00 | 25,500.00 | 25,500.00 | - | | |
| Health Services | | | | | | |
| Salaries and Wages | 83,000.00 | 83,000.00 | 83,000.00 | - | | |
| Other Expenses | 10,840.00 | 10,840.00 | 7,494.37 | - | 3,345.63 | |
| Total Other Operations Excluded from "CAPS": | 1,274,433.23 | 1,274,433.23 | 1,266,236.34 | 51.26 | 8,145.63 | - |
| GENERAL APPROPRIATIONS: | | | | | | |
| Operations Excluded from "CAPS": | | | | | | |
| Public and Private Programs Offset by Revenues: | | | | | | |
| Body Armor Replacement Grant | 2,483.63 | 2,483.63 | 2,483.63 | - | | |
| Clean Communities (C159 \$71,921.80) | - | 71,921.80 | 71,921.80 | - | | |
| Spotted Lanternfly Pop Reduction Grant (C159 \$20,000.00) | - | 20,000.00 | 20,000.00 | - | | |
| Opioid Settlement Fund (C159 \$19,770.35) | 5,261.61 | 25,031.96 | 25,031.96 | - | | |
| Municipal Alliance on Alcoholism and Drug Abuse | | | | | | |
| Township Match | 18,000.00 | 18,000.00 | 15,060.74 | - | 2,939.26 | |
| State Share | 17,058.00 | 17,058.00 | 17,058.00 | - | | |
| Sustaining Local Public Health Infra (C159 \$168,049.00) | - | 168,049.00 | 168,049.00 | - | | |
| NJ DOT Grant | 526,581.00 | 526,581.00 | 526,581.00 | - | | |
| Click it or Ticket (C159 \$7,000.00) | - | 7,000.00 | 7,000.00 | - | | |
| Recycling Tonnage | 27,419.28 | 27,419.28 | 27,419.28 | - | | |
| Supplemental Fire Services Program | 4,321.00 | 4,321.00 | 4,321.00 | - | | |
| NJBPU Community Energy Grant (C159 \$10,000.00) | - | 10,000.00 | 10,000.00 | - | | |
| Mercer County ARPA Funds-Ambulance (C159 \$500,000.00) | - | 500,000.00 | 500,000.00 | - | | |
| Total Public and Private Programs Offset by Revenues | 601,124.52 | 1,397,865.67 | 1,394,926.41 | - | 2,939.26 | - |
| Total Operations - Excluded From "CAPS" | 1,875,557.75 | 2,672,298.90 | 2,661,162.75 | 51.26 | 11,084.89 | - |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | Appropriations | | Expended | | | Unexpended |
|---|-------------------------|------------------------------|-------------------------|----------------------|----------------------|---------------------|
| | Budget | Budget After Modification | Paid or Charged | Encumbered | Reserved | Balance Canceled |
| Detail: | | | | | | |
| Salaries and Wages | \$ 679,729.23 | \$ 689,729.23 | \$ 689,729.23 | \$ - | \$ - | \$ - |
| Other Expenses | 1,195,828.52 | 1,982,569.67 | 1,971,433.52 | 51.26 | 11,084.89 | - |
| GENERAL APPROPRIATIONS: | | | | | | |
| Capital Improvements - Excluded From "CAPS" | | | | | | |
| Down Payment on Improvements | 40,000.00 | 40,000.00 | 40,000.00 | - | - | - |
| Capital Improvement Fund | 360,000.00 | 360,000.00 | 360,000.00 | - | - | - |
| Total Capital Improvements - Excluded From "CAPS" | 400,000.00 | 400,000.00 | 400,000.00 | - | - | - |
| GENERAL APPROPRIATIONS: | | | | | | |
| Municipal Debt Service - Excluded From "CAPS" | | | | | | |
| Payment of Bond Principal | 5,181,737.00 | 5,181,737.00 | 5,181,737.00 | - | - | - |
| Payment of Bond Anticipation Notes | 225,000.00 | 225,000.00 | 225,000.00 | - | - | - |
| Interest on Bonds | 801,749.00 | 801,749.00 | 801,747.84 | - | - | 1.16 |
| Interest on Notes | 574,000.00 | 574,000.00 | 572,072.69 | - | - | 1,927.31 |
| Total Municipal Dept Service - Excluded From "CAPS" | 6,782,486.00 | 6,782,486.00 | 6,780,557.53 | - | - | 1,928.47 |
| Deferred Charges - Municipal - Excluded from "CAPS" | | | | | | |
| Emergency Authorizations | - | - | - | - | - | - |
| Deferred Charges and Statutory Expenditures | | | | | | |
| Municipal - Excluded from "CAPS" | | | | | | |
| Special Emergency Authorizations | | | | | | |
| 5 yrs (N.J.S. 40A:4-55) | - | - | - | - | - | - |
| Total Deferred Charges - Excluded From "CAPS" | - | - | - | - | - | - |
| Total Deferred Charges-Municipal - Excluded From "CAPS" | - | - | - | - | - | - |
| Total General Appropriations for Municipal Purposes Excluded From "CAPS" | 9,058,043.75 | 9,854,784.90 | 9,841,720.28 | 51.26 | 11,084.89 | 1,928.47 |
| Subtotal General Appropriations | 25,466,043.75 | 26,262,784.90 | 25,209,830.99 | 554,981.55 | 496,043.89 | 1,928.47 |
| Reserve for Uncollected Taxes | 1,602,504.58 | 1,602,504.58 | 1,602,504.58 | - | - | - |
| TOTAL GENERAL APPROPRIATIONS | \$ 27,068,548.33 | \$ 27,865,289.48 | \$ 26,812,335.57 | \$ 554,981.55 | \$ 496,043.89 | \$ 1,928.47 |

TOWNSHIP OF HOPEWELL
Current Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

Analysis of Budget After Modification:

| | |
|----------------------------------|-------------------|
| Original Budget | \$ 27,068,548.33 |
| Emergency Appropriation 40A:4-47 | - |
| Appropriation by 40A:4-87 | <u>796,741.15</u> |

| | |
|-------|--------------------------------|
| Total | <u><u>\$ 27,865,289.48</u></u> |
|-------|--------------------------------|

Analysis of Paid or Charged:

| | |
|---|----------------------|
| Reserve for Federal and State Grants - Appropriated | \$ 1,375,544.67 |
| Reserve for Uncollected Taxes | 1,602,504.58 |
| Cash Disbursed | <u>23,834,286.32</u> |

| | |
|-------|--------------------------------|
| Total | <u><u>\$ 26,812,335.57</u></u> |
|-------|--------------------------------|

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Trust Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|--|------------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Animal Control Fund: | | | |
| Cash - Treasurer | B-1 | \$ 10,434.73 | \$ 28,548.13 |
| Other Funds: | | | |
| Cash - Treasurer | B-1 | 17,642,755.61 | 15,645,419.43 |
| Due from Current Fund - Open Space Tax | A | 2,202.49 | - |
| Due from General Capital Fund | C | 35,323.76 | - |
| Loan Receivable | | 55,839.35 | 56,837.76 |
| Total Other Funds | | 17,736,121.21 | 15,702,257.19 |
| Total Assets | | <u>\$ 17,746,555.94</u> | <u>\$ 15,730,805.32</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Animal Control Fund: | | | |
| Due to State of New Jersey | | \$ 1,360.80 | \$ 524.40 |
| Reserve for Dog Fund Expenditures | B-2 | 9,073.93 | 28,023.73 |
| Total Dog License Fund | | 10,434.73 | 28,548.13 |
| Other Funds: | | | |
| Due to State NJ - UCC Fees | B-4 | 20,656.00 | 18,596.00 |
| Payroll Deductions Payable | B-5 | - | - |
| Reserve for: | | | |
| Unemployment Compensation | B-3 | 46,903.60 | 62,062.99 |
| Trust Other | B-3 | 4,515,346.46 | 2,240,182.60 |
| Plot Planning | B-3 | 86,128.31 | 36,944.31 |
| Planning | B-3 | 863,475.70 | 906,046.86 |
| Open Space Trust | B-3 | 3,132,238.76 | 2,916,006.24 |
| Low Income Housing | B-3 | 337,062.87 | 294,057.91 |
| Municipal Forfeiture | B-3 | 6,827.81 | 6,627.06 |
| Off-Site Improvements | B-3 | 646,736.57 | 646,736.57 |
| Performance Guarantees | B-3 | 6,950,122.32 | 7,154,683.14 |
| Recreation Trust | B-3 | 178,803.69 | 215,503.29 |
| Tax Collectors' Premium | B-3 | 913,100.00 | 1,175,100.00 |
| Tax Title Lien | B-3 | 23,212.06 | 3,768.29 |
| Off-Duty Police | B-3 | - | - |
| Stream Corridor | B-3 | 4,295.30 | 13,375.50 |
| FSA | B-3 | 11,211.76 | 12,566.43 |
| Total Other Funds | | 17,736,121.21 | 15,702,257.19 |
| Total Liabilities and Reserves | | <u>\$ 17,746,555.94</u> | <u>\$ 15,730,805.32</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
General Capital Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|-------------------------|-------------------------|
| <u>ASSETS</u> | | | |
| Cash - Treasurer | C-2 | \$ 10,485,128.05 | \$ 11,855,158.63 |
| State Grants Receivable | C-9 | 1,096,081.00 | 723,413.40 |
| Deferred Charges to Future Taxation: | | | |
| Funded | C-4 | 35,277,000.00 | 41,408,000.00 |
| Unfunded | C-5 | <u>16,072,000.00</u> | <u>12,847,000.00</u> |
| Total | | <u>\$ 62,930,209.05</u> | <u>\$ 66,833,572.03</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds | C-6 | \$ 35,277,000.00 | \$ 41,408,000.00 |
| Bond Anticipation Notes | C-7 | 15,302,000.00 | 12,077,000.00 |
| Due to Open Space Trust Fnd | B | 35,323.76 | |
| Improvement Authorizations: | | | |
| Funded | C-8 | 1,417,063.55 | 2,522,037.45 |
| Unfunded | C-8 | 6,372,174.30 | 6,140,136.99 |
| Capital Improvement Fund | C-9 | 261,035.90 | 109,030.90 |
| Reserve for: | | | |
| Payment of Serial Bonds and Notes | | 1,452,127.99 | 1,935,380.56 |
| Reserve for Debt Service - Hunter | | 140,163.05 | 160,351.55 |
| Fund Balance | C-1 | <u>2,673,320.50</u> | <u>2,481,634.58</u> |
| Total | | <u>\$ 62,930,209.05</u> | <u>\$ 66,833,572.03</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
General Capital Fund
Statement of Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024

| | |
|---|-------------------------------|
| Balance December 31, 2023 | \$ 2,481,634.58 |
| Increased by: | |
| Improvement Authorizations Canceled | <u>191,685.92</u> |
| | 2,673,320.50 |
| Decreased by: | |
| Appropriation to Finance Improvement Authorizations | <u>-</u> |
| Balance December 31, 2024 | <u><u>\$ 2,673,320.50</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Water Utility Operating Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024 and 2023

| <u>ASSETS</u> | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|----------------------|----------------------|
| Operating Fund: | | | |
| Cash | D-5 | \$ 207,135.02 | \$ 172,054.00 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | D-7 | 1,334.69 | 1,305.88 |
| | | <u>1,334.69</u> | <u>1,305.88</u> |
| Total Operating Fund | | <u>208,469.71</u> | <u>173,359.88</u> |
| Capital Fund: | | | |
| Cash | D-5 | 38,680.68 | 38,680.68 |
| Fixed Capital | D-8 | 420,801.91 | 420,801.91 |
| Fixed Capital Authorized and Uncompleted | D-9 | <u>-</u> | <u>-</u> |
| Total Capital Fund | | <u>459,482.59</u> | <u>459,482.59</u> |
| Total Assets | | <u>\$ 667,952.30</u> | <u>\$ 632,842.47</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Operating Fund: | | | |
| Liabilities: | | | |
| Appropriation Reserves | D-4 | \$ 30,905.15 | \$ 31,264.52 |
| Encumbrances Payable | D-4 | 7,698.31 | 10,288.17 |
| Water Rent Overpayments | D-5 | 23.73 | 13.07 |
| Prepaid Water Rents | D-5 | - | 124.34 |
| Accrued Interest on Bonds and Notes | D-11 | 146.25 | 219.38 |
| Total Liabilities | | <u>38,773.44</u> | <u>41,909.48</u> |
| Reserve for Receivables | D | 1,334.69 | 1,305.88 |
| Fund Balance | D-1 | <u>168,361.58</u> | <u>130,144.52</u> |
| Total Operating Fund | | <u>208,469.71</u> | <u>173,359.88</u> |
| Capital Fund: | | | |
| Liabilities: | | | |
| Serial Bonds | D-12 | 8,450.00 | 14,300.00 |
| Improvement Authorizations - Funded | D-14 | - | - |
| Capital Improvement Fund | D-15 | 26,351.05 | 26,351.05 |
| Reserve for Amortization | D-16 | 412,351.91 | 406,501.91 |
| Deferred Reserve for Amortization | D-17 | - | - |
| Fund Balance | D-2 | <u>12,329.63</u> | <u>12,329.63</u> |
| Total Capital Fund | | <u>459,482.59</u> | <u>459,482.59</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 667,952.30</u> | <u>\$ 632,842.47</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Water Utility Operating Fund

Comparative Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|-----------------------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 22,825.00 | \$ 55,000.00 |
| Water Rents | 70,249.60 | 68,940.73 |
| Interest on Investments and Deposits | 7,504.45 | 4,477.51 |
| Contribution from Current Fund | 3,750.00 | 3,355.00 |
| Other Credits to Income: | | |
| Miscellaneous Revenue Not Anticipated | 225.12 | 361.82 |
| Unexpended Balance of Appropriation Reserves | <u>37,867.26</u> | <u>22,457.80</u> |
| Total Revenue and Other Income Realized | <u>142,421.43</u> | <u>154,592.86</u> |
| Expenditures: | | |
| Operating | 73,425.00 | 93,530.00 |
| Deferred Charges and Statutory Expenditures | 1,300.00 | 1,300.00 |
| Capital Improvements | - | 25,000.00 |
| Debt Service | <u>6,654.37</u> | <u>5,976.00</u> |
| Total Expenditures | 81,379.37 | 125,806.00 |
| Less: Expenditures to be Raised by Future Taxation | <u>-</u> | <u>-</u> |
| Total Expenditures | <u>81,379.37</u> | <u>125,806.00</u> |
| Excess in Revenue | 61,042.06 | 28,786.86 |
| Fund Balance January 1 | <u>130,144.52</u> | <u>156,357.66</u> |
| Total | 191,186.58 | 185,144.52 |
| Decreased by Utilization by Water Utility Operating Budget | <u>22,825.00</u> | <u>55,000.00</u> |
| Balance December 31 | <u><u>\$ 168,361.58</u></u> | <u><u>\$ 130,144.52</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Water Utility Capital Fund
Statement of Fund Balance
For the Year Ended December 31, 2024

Balance December 31, 2024 and 2023

\$ 12,329.63

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Water Utility Operating Fund
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2024

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|---------------------------------------|--------------------------------|---------------------------------|-------------------------------|
| Fund Balance Anticipated | \$ 22,825.00 | \$ 22,825.00 | \$ - |
| Water Rents | 65,000.00 | 70,249.60 | 5,249.60 |
| Interest on Investments and Deposits | 3,000.00 | 7,504.45 | 4,504.45 |
| Contribution from Current Fund | 3,750.00 | 3,750.00 | - |
| Miscellaneous Revenue Not Anticipated | <u>-</u> | <u>225.12</u> | <u>225.12</u> |
| Total | <u><u>\$ 94,575.00</u></u> | <u><u>\$ 104,554.17</u></u> | <u><u>\$ 9,979.17</u></u> |

Analysis of Realized Revenues

| | |
|--|-------------------------|
| Miscellaneous Revenue Not Anticipated: | |
| Water Penalties | <u>\$ 225.12</u> |
| | <u><u>\$ 225.12</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Water Utility Operating Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | <u>Appropriations</u> | | | <u>Expended</u> | | <u>Unexpended Balance Cancelled</u> |
|---|-----------------------|------------------------------------|--|--------------------------------|------------------|---|
| | <u>Budget</u> | <u>Emergency Appropriation</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | |
| Operating: | | | | | | |
| Salaries and Wages | \$ 17,000.00 | \$ - | \$ 17,000.00 | \$ 10,888.75 | \$ 6,111.25 | \$ - |
| Other Expenses | 66,425.00 | - | 66,425.00 | 32,189.94 | 24,235.06 | 10,000.00 |
| Deferred Charges and Statutory Expenditures: | | | | | | |
| Statutory Expenditures: | | | | | | |
| Social Security | 1,300.00 | - | 1,300.00 | 741.16 | 558.84 | |
| Pension Contributions | - | - | - | - | - | |
| Capital Improvements: | | | | | | |
| Capital Improvement Fund | | - | | | - | |
| Debt Service: | | | | | | |
| Payment of Bond Principal | 5,850.00 | - | 5,850.00 | 5,850.00 | - | - |
| Payment of Note Principal | - | - | - | - | - | - |
| Interest on Bonds | 1,500.00 | - | 1,500.00 | 804.37 | - | 695.63 |
| Interest on Notes | 2,500.00 | - | 2,500.00 | - | - | 2,500.00 |
| | <u>94,575.00</u> | <u>-</u> | <u>94,575.00</u> | <u>50,474.22</u> | <u>30,905.15</u> | <u>13,195.63</u> |
| Total | \$ 94,575.00 | \$ - | \$ 94,575.00 | \$ 50,474.22 | \$ 30,905.15 | \$ 13,195.63 |
| Analysis of Paid or Charged: | | | | | | |
| Cash Disbursed | | | | \$ 41,971.54 | | |
| Encumbrances Payable | | | | 7,698.31 | | |
| Interest on Bonds and Notes | | | | 804.37 | | |
| | | | | <u>50,474.22</u> | | |
| Total | | | | \$ 50,474.22 | | |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
ELSA Sewer Utility Operating Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024 and 2023

| <u>ASSETS</u> | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|----------------------|----------------------|
| Operating Fund: | | | |
| Cash | E-5a | \$ 330,441.23 | \$ 403,812.41 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | E-7a | <u>77,112.69</u> | <u>71,580.21</u> |
| Total Assets | | <u>\$ 407,553.92</u> | <u>\$ 475,392.62</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | E-4a | \$ 29,024.63 | \$ 94,641.66 |
| Encumbrances Payable | E-4a | 24,096.94 | 10,871.69 |
| Sewer Rent Overpayments | | 6,452.97 | 231.39 |
| Prepaid Sewer Rents | | 295.80 | 4,549.63 |
| Due to Current Fund | A | | 1,836.10 |
| Accrued Interest on Bonds and Notes | E-11a | 3,346.30 | 3,769.58 |
| Other Liability | | <u>7,250.00</u> | <u>7,250.00</u> |
| Total Liabilities | | <u>70,466.64</u> | <u>123,150.05</u> |
| Reserve for Receivables | Ea | 77,112.69 | 71,580.21 |
| Fund Balance | E-1a | <u>259,974.59</u> | <u>280,662.36</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 407,553.92</u> | <u>\$ 475,392.62</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
SBRSA Sewer Utility Operating Fund
Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024 and 2023

| <u>ASSETS</u> | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|-----------------------------|-----------------------------|
| Operating Fund: | | | |
| Cash | E-5b | \$ 132,029.39 | \$ 123,422.84 |
| Receivables with Full Reserves: | | | |
| Consumer Accounts Receivable | E-7b | <u>10,146.48</u> | <u>9,473.81</u> |
| Total Assets | | <u><u>\$ 142,175.87</u></u> | <u><u>\$ 132,896.65</u></u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Liabilities: | | | |
| Appropriation Reserves | E-4b | \$ 33,693.78 | \$ 9,143.25 |
| Encumbrances Payable | E-4b | 5,782.02 | 16,544.28 |
| Due to Sewer Capital Fund | Ec | | - |
| Prepaid Sewer Rent | | | 8,165.51 |
| Sewer Rent Overpayments | | 550.95 | 678.95 |
| Accrued Interest on Bonds and Notes | E-11b | <u>3,015.17</u> | <u>3,664.68</u> |
| Total Liabilities | | <u>43,041.92</u> | <u>38,196.67</u> |
| Reserve for Receivables | Eb | 10,146.48 | 9,473.81 |
| Fund Balance | E-1b | <u>88,987.47</u> | <u>85,226.17</u> |
| Total Liabilities, Reserves and Fund Balance | | <u><u>\$ 142,175.87</u></u> | <u><u>\$ 132,896.65</u></u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Sewer Utility Capital Fund

Statement of Assets, Liabilities, Reserves and Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024 and 2023

| <u>ASSETS</u> | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---|------------------|------------------------|------------------------|
| Capital Fund: | | | |
| Cash | E-5c | \$ 334,648.61 | \$ 280,443.20 |
| Due from Sewer Operating Fund | Eb | - | - |
| Fixed Capital | E-8 | 3,670,911.23 | 3,483,535.62 |
| Fixed Capital Authorized and Uncompleted | E-9 | <u>1,949,602.47</u> | <u>2,134,489.04</u> |
| Total Assets | | <u>\$ 5,955,162.31</u> | <u>\$ 5,898,467.86</u> |
| <u>LIABILITIES, RESERVES AND FUND BALANCE</u> | | | |
| Serial Bonds | E-12 | 702,550.00 | 821,700.00 |
| Bond Anticipation Notes | E-13 | 108,000.00 | 116,000.00 |
| Loan Advance | | 1,086,166.00 | 106,566.00 |
| Due to SBRSA Operating Fund | | | |
| Improvement Authorizations: | | | |
| Funded | E-14 | 134,717.37 | 132,228.33 |
| Unfunded | E-14 | 166,801.89 | 1,100,830.95 |
| Capital Improvement Fund | E-15 | 10,350.00 | 350.00 |
| Reserve for Debt Service | | 2,634.47 | 4,000.00 |
| Reserve for Amortization | E-16 | 3,599,813.70 | 3,504,174.66 |
| Deferred Reserve for Amortization | E-17 | 40,150.00 | 6,150.00 |
| Fund Balance | E-2 | <u>103,978.88</u> | <u>106,467.92</u> |
| Total Liabilities, Reserves and Fund Balance | | <u>\$ 5,955,162.31</u> | <u>\$ 5,898,467.86</u> |

The accompanying notes to financial statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
ELSA Sewer Utility Operating Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Year Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|-----------------------------|-----------------------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 198,327.00 | \$ 269,554.00 |
| Sewer Rents | 1,100,733.59 | 893,637.15 |
| Interest on Investments | 19,477.86 | 15,622.01 |
| Debt Service Reserve | | - |
| Miscellaneous Revenue Not Anticipated | 4,778.56 | 2,910.93 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | <u>74,783.72</u> | <u>27,991.33</u> |
| Total Revenue and Other Income Realized | <u>1,398,100.73</u> | <u>1,209,715.42</u> |
| Expenditures: | | |
| Operating | 1,150,700.00 | 1,063,086.00 |
| Deferred Charges and Statutory Expenditures | 3,000.00 | 3,150.00 |
| Debt Service | 66,761.50 | 57,301.80 |
| Deficit in Operations | <u>-</u> | <u>19,217.02</u> |
| Total Expenditures | 1,220,461.50 | 1,142,754.82 |
| Excess (Deficit) in Revenue | 177,639.23 | 66,960.60 |
| Adjustments to Income before Surplus: | | |
| Expenditures Included Above Which Are by Statute Deferred | | |
| Charges to Budget of Succeeding Year | <u></u> | <u></u> |
| Statutory Excess to Surplus | 177,639.23 | 66,960.60 |
| Fund Balance January 1 | <u>280,662.36</u> | <u>483,255.76</u> |
| Total | 458,301.59 | 550,216.36 |
| Decreased by Utilization by Sewer Utility Operating Budget | <u>198,327.00</u> | <u>269,554.00</u> |
| Balance December 31 | <u><u>\$ 259,974.59</u></u> | <u><u>\$ 280,662.36</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
SBRSA Sewer Utility Operating Fund
Statement of Operations and Changes in Fund Balance - Regulatory Basis
For the Years Ended December 31, 2024 and 2023

| | <u>2024</u> | <u>2023</u> |
|--|----------------------------|----------------------------|
| Revenue and Other Income Realized: | | |
| Fund Balance Utilized | \$ 58,160.00 | \$ 99,714.00 |
| Sewer Rents | 430,175.38 | 351,549.88 |
| Reserve for Debt Service | - | 985.60 |
| Interest on Investments | 10,668.68 | 7,196.76 |
| Miscellaneous Revenue Not Anticipated | 1,427.98 | 1,188.77 |
| Other Credits to Income: | | |
| Unexpended Balance of Appropriation Reserves | <u>15,853.47</u> | <u>14,051.64</u> |
| Total Revenue and Other Income Realized | <u>516,285.51</u> | <u>474,686.65</u> |
| Expenditures: | | |
| Operating | 345,885.00 | 333,850.00 |
| Deferred Charges and Statutory Expenditures | 1,200.00 | 1,000.00 |
| Capital | 20,000.00 | - |
| Debt Service | <u>87,279.21</u> | <u>84,826.41</u> |
| Total Expenditures | 454,364.21 | 419,676.41 |
| Excess (Deficit) in Revenue | 61,921.30 | 55,010.24 |
| Adjustments to Income before Surplus: | | |
| Expenditures Included Above Which Are by Statute Deferred | | |
| Charges to Budget of Succeeding Year | <u>-</u> | <u>-</u> |
| Statutory Excess to Surplus | 61,921.30 | 55,010.24 |
| Fund Balance January 1 | <u>85,226.17</u> | <u>129,929.93</u> |
| Total | 147,147.47 | 184,940.17 |
| Decreased by Utilization by Sewer Utility Operating Budget | <u>58,160.00</u> | <u>99,714.00</u> |
| Balance December 31 | <u><u>\$ 88,987.47</u></u> | <u><u>\$ 85,226.17</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Sewer Utility Capital Fund
Statement of Fund Balance
For the Year Ended December 31, 2024

| | |
|---|-----------------------------|
| Balance December 31, 2023 | \$ 106,467.92 |
| Increased by: | |
| Funded Improvement Authorizations Canceled | <u>23,510.96</u> |
| | 129,978.88 |
| Decreased by: | |
| Appropriated to Finance Improvement Authorization | <u>26,000.00</u> |
| Balance December 31, 2024 | <u><u>\$ 103,978.88</u></u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
ELSA SEWER UTILITY OPERATING FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2024

| | <u>Anticipated</u> | <u>Realized</u> | <u>Excess (Deficit)</u> |
|--|-----------------------------|------------------------|-----------------------------|
| Fund Balance | \$ 198,327.00 | \$ 198,327.00 | \$ - |
| Sewer Rents | 1,023,353.00 | 1,100,733.59 | 77,380.59 |
| Interest on Investments | 10,000.00 | 19,477.86 | 9,477.86 |
| Miscellaneous Revenue | <u> </u> | <u>4,778.56</u> | <u>4,778.56</u> |
| Funded Improvement Authorizations Canceled | | | |
| Total | <u>\$ 1,231,680.00</u> | <u>\$ 1,323,317.01</u> | <u>\$ 91,637.01</u> |

Analysis of Realized Revenues

| | |
|------------------------|--------------------|
| Miscellaneous Revenue: | |
| Sewer Penalties | \$ 3,253.56 |
| Miscellaneous | <u>1,525.00</u> |
| Total | <u>\$ 4,778.56</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
SBRSA SEWER UTILITY OPERATING FUND
Statement of Revenues - Regulatory Basis
For the Year Ended December 31, 2024

| | <u>Anticipated</u> | <u>Realized</u> | Excess (Deficit) |
|--|----------------------|----------------------|---------------------|
| Fund Balance | \$ 58,160.00 | \$ 58,160.00 | \$ - |
| Sewer Rents | 400,000.00 | 430,175.38 | 30,175.38 |
| Interest on Investments | 5,000.00 | 10,668.68 | 5,668.68 |
| Reserve for Debt Service | 2,000.00 | | (2,000.00) |
| Miscellaneous Revenue Not Anticipated | <u>-</u> | <u>1,427.98</u> | <u>1,427.98</u> |
| Funded Improvement Authorizations Canceled | | | |
| Total | <u>\$ 465,160.00</u> | <u>\$ 500,432.04</u> | <u>\$ 35,272.04</u> |

Analysis of Realized Revenues

Miscellaneous Revenue Not Anticipated:

Sewer penalties

\$ 1,427.98

Total

\$ 1,427.98

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
ELSA Sewer Utility Operating Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2023

| | <u>Appropriations</u> | | <u>Expended</u> | | |
|---|-------------------------------|--|--------------------------------|----------------------------|-----------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | <u>Balance Canceled</u> |
| Operating: | | | | | |
| Salaries and Wages | \$ 45,000.00 | \$ 45,000.00 | \$ 31,170.64 | \$ 13,829.36 | \$ - |
| Other Expenses | 1,105,700.00 | 1,105,700.00 | 1,091,854.54 | 13,845.46 | - |
| Deferred Charges and Statutory Expenditures: | | | | | |
| Statutory Expenditures: | | | | | |
| Social Security | 3,000.00 | 3,000.00 | 1,650.19 | 1,349.81 | - |
| Debt Service: | | | | | |
| Payment of Bond Principal | 46,980.00 | 46,980.00 | 46,978.00 | - | 2.00 |
| Payment of Bond Anticipation Note Principal | 5,000.00 | 5,000.00 | 5,000.00 | - | - |
| Interest on Bonds | 16,000.00 | 16,000.00 | 10,018.77 | - | 5,981.23 |
| Interest on Notes | 10,000.00 | 10,000.00 | 4,764.73 | - | 5,235.27 |
| Total | <u><u>\$ 1,231,680.00</u></u> | <u><u>\$ 1,231,680.00</u></u> | <u><u>\$ 1,191,436.87</u></u> | <u><u>\$ 29,024.63</u></u> | <u><u>\$ 11,218.50</u></u> |
| Original Budget | | <u><u>\$ 1,155,554.00</u></u> | | | |
| Analysis of Paid or Charged: | | | | | |
| Cash Disbursed | | | \$ 1,152,556.43 | | |
| Encumbrances Payable | | | 24,096.94 | | |
| Interest on Bonds and Notes | | | <u>14,783.50</u> | | |
| Total | | | <u><u>\$ 1,191,436.87</u></u> | | |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
SBRSA Sewer Utility Operating Fund
Statement of Expenditures - Regulatory Basis
For the Year Ended December 31, 2024

| | <u>Appropriations</u> | | <u>Expended</u> | | <u>Overexpended</u> | <u>Balance Canceled</u> |
|---|-----------------------|--|--------------------------------|---------------------|---------------------|-----------------------------|
| | <u>Budget</u> | <u>Budget After Modification</u> | <u>Paid or Charged</u> | <u>Reserved</u> | | |
| Operating: | | | | | | |
| Salaries and Wages | \$ 14,000.00 | \$ 14,000.00 | \$ 12,869.34 | \$ 1,130.66 | \$ - | \$ - |
| Other Expenses | 331,885.00 | 331,885.00 | 309,629.19 | 22,255.81 | | |
| Deferred Charges and Statutory Expenditures: | | | | | | |
| Statutory Expenditures: | | | | | | |
| Public Employee Retirement System | - | - | | - | | |
| Social Security | 1,200.00 | 1,200.00 | 892.69 | 307.31 | | - |
| Capital: | | | | | | |
| Capital Improvement Fund | 20,000.00 | 20,000.00 | 10,000.00 | 10,000.00 | | |
| Debt Service: | | | | | | |
| Payment of Bond Principal | 72,175.00 | 72,175.00 | 72,172.00 | - | | 3.00 |
| Payment of Bond Anticipation Note Principal | 600.00 | 600.00 | 600.00 | - | | - |
| Interest on Bonds | 19,300.00 | 19,300.00 | 13,857.78 | - | | 5,442.22 |
| Interest on Notes | 6,000.00 | 6,000.00 | 649.43 | - | | 5,350.57 |
| | <u>\$ 465,160.00</u> | <u>\$ 465,160.00</u> | <u>\$ 420,670.43</u> | <u>\$ 33,693.78</u> | <u>\$ -</u> | <u>\$ 10,795.79</u> |
| Total | | | | | | |
| Original Budget | | <u>\$ 465,160.00</u> | | | | |
| Analysis of Paid or Charged: | | | | | | |
| Cash Disbursed | | | \$ 400,381.20 | | | |
| Deferred Charge | | | | | | |
| Encumbrances Payable | | | 5,782.02 | | | |
| Interest on Bonds and Notes | | | 14,507.21 | | | |
| Total | | | <u>\$ 420,670.43</u> | | | |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
Public Assistance Fund
Statement of Assets, Liabilities and Reserves
For the Years Ended December 31, 2024 and 2023

| | <u>REFERENCE</u> | <u>2024</u> | <u>2023</u> |
|---------------------------------|------------------|---------------------|--------------------|
| <u>ASSETS</u> | | | |
| Cash | F-1 | <u>\$ 10,249.06</u> | <u>\$ 9,800.89</u> |
| Total | | <u>\$ 10,249.06</u> | <u>\$ 9,800.89</u> |
| <u>LIABILITIES AND RESERVES</u> | | | |
| Reserve for Public Assistance | | <u>\$ 10,249.06</u> | <u>\$ 9,800.89</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

TOWNSHIP OF HOPEWELL
ACCOUNT GROUP
Statement of General Fixed Assets Group of Accounts
For the Year Ended December 31, 2024

| | Balance December 31, 2023 | Additions | Deletions | Balance December 31, 2024 |
|--|---------------------------------|----------------------------|----------------------------|---------------------------------|
| General Fixed Assets: | | | | |
| Land | \$ 48,660,797.00 | \$ - | \$ 5,825,500.00 | \$ 42,835,297.00 |
| Buildings and Building Improvements | 13,028,772.00 | 387,660.00 | - | 13,416,432.00 |
| Machinery and Equipment | 11,416,628.00 | 815,310.00 | 101,739.00 | 12,130,199.00 |
| Total General Fixed Assets | <u>\$ 73,106,197.00</u> | <u>\$ 1,202,970.00</u> | <u>\$ 5,927,239.00</u> | <u>\$ 68,381,928.00</u> |
| Total Investment in General Fixed Assets | <u>\$ 73,106,197.00</u> | <u>\$ 1,202,970.00</u> | <u>\$ 5,927,239.00</u> | <u>\$ 68,381,928.00</u> |

The accompanying Notes to Financial Statements are an integral part of this statement.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Description of Financial Reporting Entity - The Township of Hopewell is located in the western portion of Mercer County, New Jersey, midway between Philadelphia and New York City. The present population according to the 2020 census is 17,671.

The Township of Hopewell was incorporated in 1798 and operates under the Township Committee form of government. The Committee is the legislative body of the Township and consists of five members elected by popular vote to a three-year term. Each year the elected body selects one of its members to serve as Mayor for a one-year term.

Component Units – GASB Statement No. 14, *The Financial Reporting Entity*, provides guidance that all entities associated with a primary government are potential component units and should be evaluated for inclusion in the financial reporting entity. A primary government is financially accountable not only for the organizations that make up its legal entity, but also for legally separate organizations that meet the criteria established by GASB Statement No.14, as amended by GASB Statement No. 39, *Determining Whether Certain Organizations are Component Units*. There are no organizations that are considered to be component units.

Basis of Accounting, Measurement Focus and Basis of Presentation - The financial statements of the Township of Hopewell contain all funds in accordance with the "Requirements of Audit" as promulgated by the State of New Jersey, Department of Community Affairs, Division of Local Government Services. The principles and practices established by the Requirements of Audit are designed primarily for determining compliance with legal provisions and budgetary restrictions and as a means of reporting on the stewardship of public officials with respect to public funds. Generally, the financial statements are presented using the flow of current financial resources measurement focus and modified accrual basis of accounting with minor exceptions as mandated by these "Requirements". In addition, the prescribed accounting principles previously referred to differ in certain respects from accounting principles generally accepted in the United States of America applicable to local government units. The more significant differences are explained in this Note.

In accordance with the "Requirements", the Township of Hopewell accounts for its financial transactions through the use of separate funds which are described as follows.

Current Fund - The Current Fund accounts for resources and expenditures for governmental operations of a general nature, including Federal and State grant funds.

Trust Funds - The various Trust Funds account for receipts, custodianship and disbursement of funds in accordance with the purpose for which each reserve was created.

General Capital Fund - The General Capital Fund accounts for receipt and disbursement of funds for the acquisition of general capital facilities, other than those acquired in the Current Fund.

Water/Sewer Utility Operating and Capital Fund - The Water/Sewer Utility Operating and Capital Funds account for operations of the utility and the acquisition of capital facilities of the municipally owned water/sewer utility.

Public Assistance Fund - The Public Assistance Funds account for receipt and disbursement of funds that provide assistance to certain residents of the Township pursuant to Title 44 of New Jersey Statutes.

Budgets and Budgetary Accounting - The Township of Hopewell must adopt an annual budget for its current fund and utility operating funds in accordance with the N.J.S.A. 40A:4 et seq. N.J.S.A. 40A:4-5 requires the governing body to introduce and approve the annual municipal budget no later than February 10 of each year. At introduction, the governing body shall fix the time and place for a public hearing on the budget and must advertise the time and place at least ten days prior to the hearing in a newspaper published and circulating in the municipality. The public hearing must not be held less than twenty-eight days after the date the budget was introduced. After the hearing has been held, the governing body may, by majority vote, adopt the budget or may amend the budget in accordance with N.J.S.A. 40A:4-9. Amendments to the adopted budgets, if any, are detailed in the statements of revenues and expenditures.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Budgets and Budgetary Accounting (Cont'd) - An extension of the statutory dates for introduction, approval and adoption of the municipal budget may be granted by the Director of the Division of Local Government Services, with the permission of the Local Finance Board.

Budgets are adopted on the same basis of accounting utilized for the preparation of the Township's financial statements.

Cash, Cash Equivalents and Investments - Cash and cash equivalents include petty cash, change funds and cash in banks. All certificates of deposit are recorded as cash regardless of the date of maturity. Investments are stated at cost. Consequently, unrealized gain or loss on investments has not been recorded in accordance with Governmental Accounting Standards Board Statement No. 31.

New Jersey municipal units are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipal units.

N.J.S.A. 17:9-41et seq. establishes the requirement for the security of deposits of governmental units. The statute requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Act. The Act was enacted in 1970 to protect governmental units from a loss of funds on deposit with a failed banking institution in New Jersey. Public depositories include State or federally chartered banks, savings banks or associations located in the State of New Jersey or state or federally chartered banks, savings banks or associations located in another state with a branch office in the State of New Jersey, the deposits of which are federally insured. All public depositories must pledge collateral, having a market value at least equal to five percent of the average daily balance of collected public funds, to secure the deposits of governmental units. If a public depository fails, the collateral it has pledged, plus the collateral of all other public depositories, is available to pay the amount of their deposits to the governmental units. The cash management plan adopted by the Township of Hopewell requires it to deposit funds in public depositories protected from loss under the provisions of the Act.

Interfunds - Interfund receivables and payables that arise from transactions between funds are recorded by all funds affected by such transactions in the period in which the transaction is executed. Interfund receivables in the Current Fund are recorded with offsetting reserves which are created by charges to operations. Income is recognized in the year the receivables are liquidated. Interfund receivables in the other funds are not offset by reserves.

Inventories of Supplies - The costs of inventories of supplies for all funds are recorded as expenditures at the time individual items are purchased. The costs of inventories are not included on the various statements of assets, liabilities, reserves and fund balance.

General Fixed Assets - Accounting for Governmental Fixed Assets, as required by N.J.A.C. 5:30-5.6, differs in certain respects from accounting principles generally accepted in the United States of America. In accordance with the regulations, all local units, including municipalities, must maintain a general fixed assets reporting system that establishes and maintains a physical inventory of nonexpendable, tangible property as defined and limited by the U.S. Office of Management and Budget Circular A-87 (Attachment B, Section 19), except that the useful life of such property is at least five years. The Township has not adopted a capitalization threshold as required by the Circular.

Generally, assets are valued at historical cost; however, assets acquired prior to December 31, 1985 are valued at actual historical cost or estimated historical cost. Donated general fixed assets are recorded at their estimated fair market value on the acquisition date. Interest costs relative to the acquisition of general fixed assets are recorded as expenditures when paid. Public domain ("infrastructure") general fixed assets consisting of certain improvements other than buildings, such as roads, bridges, curbs and gutters, streets and sidewalks and drainage systems are not capitalized. Expenditures for construction in progress are recorded in the Capital Funds until such time as the construction is completed and put into operation. The Township is required to maintain a subsidiary ledger detailing fixed assets records to control additions, retirements and transfers of fixed assets. In addition, a Statement of General Fixed Assets, reflecting the activity for the year, must be included in the Township's basic financial statements.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets (Cont'd) – The regulations require that general fixed assets, whether constructed or acquired through purchase, grant or gift be included in the aforementioned inventory. In addition, property management standards must be maintained that includes accurate records indicating asset description, source, ownership, acquisition cost and date, the percentage of Federal participation (if any), and the location, use, and condition of the asset. Periodically, physical inventories must be taken and reconciled with these records. Lastly, all fixed assets must be adequately controlled to safeguard against loss, damage or theft.

No depreciation of general fixed assets is recorded.

Utility Fixed Assets - Property and equipment purchased by the Water/Sewer Utility Fund are recorded in the capital account at cost and are adjusted for dispositions and abandonments. Contributions in aid of construction are capitalized, whereas those made in the form of tangible assets, such as land are not. The balance in the Reserve for Amortization and Deferred Reserve for Amortization accounts in the utility capital fund represents the costs of acquisition of property, equipment and improvements. Depreciation is not recorded on these fixed assets.

Foreclosed Property - Foreclosed property is recorded in the Current Fund at the assessed valuation when such property was acquired and is fully reserved. Ordinarily it is the intention of the municipality to resell foreclosed property in order to recover all or a portion of the delinquent taxes or assessments accrued and to return the property to a taxpaying basis. For this reason, the value of foreclosed property has not been included in the General Fixed Assets Account Group. If such property is converted to a municipal use, it will be capitalized in the General Fixed Assets Account Group.

Deferred Charges - The recognition of certain expenditures is deferred to future periods. These expenditures, or deferred charges, are generally overexpenditures of legally adopted budget appropriations or emergency appropriations made in accordance with N.J.S.A. 40A:4-46 et al. Deferred charges are subsequently raised as items of appropriation in budgets of succeeding years.

Liens Sold for Other Governmental Units - Liens sold on behalf of other governmental units are not recorded on the records of the tax collector until such liens are collected. Upon their collection, such liens are recorded as a liability due to the governmental unit net of the costs of the initial sale. The related costs of sale are recognized as revenue when received.

Fund Balance - Fund Balance included in the current fund and sewer utility operating fund represents an amount available for anticipation as revenue in future year's budgets, with certain restrictions.

Revenues - Revenues are recorded when received in cash except for certain amounts which are due from other governmental units. Revenue from Federal and State grants are realized when anticipated as such in the Township's budget. Receivables for property taxes, water rents, and sewer rents are recorded with offsetting reserves on the statement of assets, liabilities, reserves and fund balance of the Township's Current Fund, Water Utility Operating Fund, and Sewer Utility Operating Fund, respectively; accordingly, such amounts are not recorded as revenue until collected. Other amounts that are due the Township which are susceptible to accrual are also recorded as receivables with offsetting reserves and recorded as revenue when received.

Property Tax Revenues - Property tax revenues are collected in quarterly installments due February 1, May 1, August 1, and November 1. The amount of tax levied includes not only the amount required in support of the Township's annual budget, but also the amounts required in support of the budgets of the Hopewell Valley Regional School District, County of Mercer and the Hopewell Township Fire District. Unpaid property taxes are subject to tax sale in accordance with the statutes.

School Taxes - The Township is responsible for levying, collecting and remitting school taxes for the Hopewell Valley Regional School District. Operations are charged for the full amount required to be raised from taxation to operate the local school district for the period from January 1, 2024 to December 31, 2024.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

County Taxes - The Township is responsible for levying, collecting and remitting county taxes for the County of Mercer. Operations is charged for the amount due the County for the year, based upon the ratables required to be certified to the County Board of Taxation by January 10 of the current year. In addition, operations is charged for the County share of Added and Omitted Taxes certified to the County Board of Taxation by October 10 of the current year and due to be paid to the County by February 15 of the following year.

Fire District Taxes - The Township is responsible for levying, collecting and remitting fire district taxes for the Hopewell Township Fire District No. 1. Operations are charged for the full amount required to be raised from taxation to operate the fire district for the period from January 1, 2024 to December 31, 2024.

Reserve for Uncollected Taxes - The inclusion of the "Reserve for Uncollected Taxes" appropriation in the Township's annual budget protects the Township from taxes not paid currently. The Reserve, the minimum amount of which is determined on the percentage of collections experienced in the immediate preceding year, with certain exceptions, is required to provide assurance that cash collected in the current year will provide sufficient cash flow to meet expected obligations.

Expenditures - Expenditures are recorded on the "budgetary" basis of accounting. Generally, expenditures are recorded when paid. However, for charges to amounts appropriated for "other expenses", an amount is encumbered through the issuance of a numerically controlled purchase order or when a contract is executed as required by N.J.A.C. 5:30-5.2. When encumbered charges are paid, the amount encumbered is simultaneously liquidated in its original amount. Outstanding encumbrances are offset by an account entitled "Reserve for Encumbrances". The reserve is classified as a cash liability under New Jersey municipal accounting. At December 31, this reserve represents the portion of appropriation reserves that has been encumbered and is subject to the same statutory provisions as appropriation reserves.

Appropriations for principal and interest on outstanding general capital bonds and notes and for principal on outstanding sewer utility capital bonds are provided on the cash basis. Appropriations for interest on outstanding water/sewer utility capital bonds and notes are provided on the accrual basis.

Appropriation Reserves - Appropriation reserves covering unexpended appropriation balances are automatically created at year end and recorded as liabilities, except for amounts which may be canceled by the governing body. Appropriation reserves are available, until lapsed at the close of the succeeding year, to meet specific claims, commitments or contracts incurred during the preceding fiscal year. Lapsed appropriation reserves are recorded as income.

Compensated Absences and Postemployment Benefits - Compensated absences for vacation, sick leave and other compensated absences are recorded and provided for in the annual budget in the year in which they are paid, on a pay-as-you-go basis. Likewise, no accrual is made for postemployment benefits, if any, which are also funded on a pay-as-you-go basis.

Long Term Debt - Long Term Debt, relative to the acquisition of capital assets, is recorded as a liability in either the General Capital Fund or the Water/Sewer Utility Capital Fund. Where an improvement is a "local improvement", i.e. assessable upon completion, long-term debt associated with that portion of the cost of the improvement to be funded by assessments is transferred to the Trust Fund upon confirmation of the assessments or when the improvement is fully and permanently funded.

Interest on Delinquent Taxes - It is the policy of the Township to collect interest for the nonpayment of taxes, sewer or assessments on or before the date when they would become delinquent. The Tax Collector is authorized to charge eight percent (8%) per annum on the first \$1,500 of taxes becoming delinquent after due date and eighteen percent (18%) per annum on any amount of taxes in excess of \$1,500 becoming delinquent after the due date and if a delinquency is in excess of \$10,000 and remains in arrears beyond December 31st, an additional penalty of six percent (6%) shall be charged against the delinquency. There is a ten (10) day grace period.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Comparative Data – Comparative total data for the prior year has been presented in the accompanying Balance Sheets and Statement of Operations in order to provide an understanding of changes in the Township’s financial position. However, comparative (i.e., presentation of prior year totals by fund type) data have not been presented in the statement of revenues – regulatory basis and the statement of expenditures – regulatory basis since their inclusion would make the statements unduly complex and difficult to read.

Impact of Recently Issued Accounting Principles

The Township implemented the following GASB Statement for the year ended December 31, 2024:

Statement No. 101, Compensated Absences. The objective of this Statement is to better align the recognition and measurement guidance for compensated absences with the concept of a liability, and to simplify the guidance for certain types of leave. As a result of the regulatory basis of accounting described in Note 1, the implementation of this Statement did not impact the Township’s financial statements.

NOTE 2. CASH AND CASH EQUIVALENTS

Custodial Credit Risk Related to Deposits – Custodial credit risk refers to the risk that, in the event of a bank failure, the Municipality’s deposits may not be recovered. Although the Municipality does not have a formal policy regarding custodial credit risk, N.J.S.A. 17:9-41 et seq. requires that governmental units shall deposit public funds in public depositories protected from loss under the provisions of the Governmental Unit Deposit Protection Unit. Under the Act, the first \$250,000 of governmental deposits in each insured depository is protected by the Federal Deposit Insurance Corporation (FDIC). Public funds owned by the municipality in excess of FDIC insured amounts are protected by GUDPA. However, GUDPA does not protect intermingled trust funds such as salary withholdings or funds that may pass to the Municipality relative to the happening of a future condition. Such funds are shown as uninsured and uncollateralized. Of the Municipality’s amount on deposit of \$40,553,532 as of December 31, 2024, \$517,932 was insured under FDIC and the remaining balance of \$40,035,600 was collateralized under GUDPA.

NOTE 3. INVESTMENTS

New Jersey municipalities are limited as to the types of investments and types of financial institutions they may invest in. N.J.S.A. 40A:5-15.1 provides a list of permissible investments that may be purchased by New Jersey municipalities. These permissible investments generally include bonds or other obligations of the United States of America or obligations guaranteed by the United States of America, government money market funds, any obligation that a federal agency or a federal instrumentality has issued in accordance with an act of Congress, bonds or other obligations of the local unit or other obligations approved by the Division of Investment in the Department of Treasury for investment by local units, local government investment pools, deposits with the State of New Jersey Cash Management Fund, and agreements for the repurchase of fully collateralized securities with certain provisions. The Township has no investment policy that would further limit its investment choices.

Custodial Credit Risk Related to Investments – For an investment, custodial credit risk is the risk that, in the event of failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Investment securities are exposed to custodial credit risk if the securities are uninsured, are not registered in the name of the Township, and are held by either the counterparty or the counterparty’s trust department or agent but not in the Township’s name.

As of December 31, 2024, the Township had the following investments:

| <u>Investment</u> | <u>Maturities</u> | <u>Credit Rating</u> | <u>Fair Value</u> |
|-------------------|-------------------|----------------------|-------------------|
| NJ ARM | Less than 1 Year | AAAm | \$ 6,157,305 |
| Cash Management | Less than 1 Year | | 4,280 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 4. PROPERTY TAXES

The following is a five-year comparison of certain statistical information relative to property taxes and property tax collections for the current and previous four years.

| <u>Comparative Schedule of Tax Rates</u> | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|-----------------|-----------------|-----------------|-----------------|-----------------|
| Total Tax Rate | <u>\$ 3.157</u> | <u>\$ 3.056</u> | <u>\$ 2.993</u> | <u>\$ 3.059</u> | <u>\$ 2.985</u> |
| Apportionment of Tax Rate: | | | | | |
| Municipal | .443 | .435 | .438 | .437 | .410 |
| County | .764 | .727 | .673 | .674 | .703 |
| Regional School | 1.804 | 1.752 | 1.743 | 1.809 | 1.740 |
| Fire District | .116 | .112 | .109 | .109 | .102 |
| Municipal Open Space | .030 | .030 | .030 | .030 | .030 |

| <u>Assessed Valuation</u> | <u>Amount</u> |
|---------------------------|------------------|
| 2024 | \$ 3,994,610,481 |
| 2023 | 3,988,214,565 |
| 2022 | 3,884,121,556 |
| 2021 | 3,816,199,773 |
| 2020 | 3,924,848,132 |

| <u>Comparison of Tax Levies and Collections</u> | | | |
|---|-----------------|--------------------|----------------------------------|
| <u>Year Ended</u> | <u>Tax Levy</u> | <u>Collections</u> | <u>Percentage Of Collections</u> |
| 2024 | \$ 127,483,286 | \$ 126,592,512 | 99.30 % |
| 2023 | 122,048,246 | 119,561,478 | 97.96 |
| 2022 | 118,978,587 | 118,232,937 | 99.37 |
| 2021 | 116,808,474 | 115,661,661 | 99.02 |
| 2020 | 117,155,619 | 115,832,713 | 98.58 |

| <u>Delinquent Taxes and Tax Title Liens</u> | | | | |
|---|------------------------|-------------------------|-------------------------|-------------------------------|
| <u>Year Ended</u> | <u>Tax Title Liens</u> | <u>Delinquent Taxes</u> | <u>Total Delinquent</u> | <u>Percentage of Tax Levy</u> |
| 2024 | \$ 446,323 | \$ 571,929 | \$ 1,018,252 | .80 % |
| 2023 | 382,547 | 2,344,181 | 2,726,728 | 2.23 |
| 2022 | 385,716 | 614,306 | 1,000,022 | .84 |
| 2021 | 318,563 | 1,008,058 | 1,326,621 | 1.14 |
| 2020 | 310,332 | 1,444,356 | 1,754,688 | 1.50 |

| <u>Year Ended</u> | <u>Number</u> |
|-------------------|---------------|
| 2024 | 17 |
| 2023 | 15 |
| 2022 | 15 |
| 2021 | 15 |
| 2020 | 16 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 5. PROPERTY ACQUIRED BY TAX TITLE LIEN LIQUIDATION

The value of property acquired by liquidation of tax title liens on December 31, on the basis of the last valuation of such properties, for the current and previous four years was as follows:

| <u>Year Ended</u> | <u>Amount</u> |
|-------------------|---------------|
| 2024 | - |
| 2023 | - |
| 2022 | - |
| 2021 | - |
| 2020 | - |

NOTE 6. WATER/SEWER UTILITY LEVY

The following is a five-year comparison of water and sewer utility charges (rent) and collections for the current and previous four years.

Water Utility Levy:

| <u>Year</u> | <u>Balance Jan. 1,</u> | <u>Water Levy</u> | <u>Total</u> | <u>Cash Collections</u> | <u>Percentage</u> |
|-------------|----------------------------|-----------------------|--------------|-----------------------------|-------------------|
| 2024 | \$ 1,306 | \$ 70,278 | \$ 71,584 | \$ 70,249 | 98.14 % |
| 2023 | 3,727 | 66,519 | 70,246 | 68,940 | 98.14 |
| 2022 | 2,853 | 71,597 | 74,449 | 70,722 | 94.99 |
| 2021 | 3,327 | 71,791 | 75,118 | 72,265 | 96.20 |
| 2020 | 1,738 | 74,485 | 76,223 | 72,896 | 95.64 |

ELSA Sewer Utility Levy:

| <u>Year</u> | <u>Balance Jan. 1,</u> | <u>Sewer Levy</u> | <u>Total</u> | <u>Cash Collections</u> | <u>Percentage</u> |
|-------------|----------------------------|-----------------------|--------------|-----------------------------|-------------------|
| 2024 | \$ 71,580 | \$ 1,106,266 | \$ 1,177,846 | \$ 1,100,733 | 93.45 % |
| 2023 | 48,250 | 916,967 | 965,217 | 893,637 | 92.58 |
| 2022 | 35,506 | 926,106 | 961,612 | 913,361 | 94.98 |
| 2021 | 271,552 | 841,250 | 1,112,801 | 1,077,295 | 96.81 |
| 2020 | 52,715 | 977,571 | 1,030,286 | 758,734 | 73.64 |

SBRSA Sewer Utility Levy:

| <u>Year</u> | <u>Balance Jan. 1</u> | <u>Sewer Levy</u> | <u>Total</u> | <u>Cash Collections</u> | <u>Percentage</u> |
|-------------|---------------------------|-----------------------|--------------|-----------------------------|-------------------|
| 2024 | \$ 9,474 | \$ 430,848 | \$ 440,322 | \$ 430,175 | 97.70 % |
| 2023 | 7,373 | 353,651 | 361,024 | 351,550 | 97.38 |
| 2022 | 10,604 | 329,441 | 340,045 | 332,671 | 97.83 |
| 2021 | 9,429 | 330,422 | 339,851 | 329,247 | 96.88 |
| 2020 | 6,111 | 337,368 | 343,479 | 334,050 | 97.25 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 7. FUND BALANCES APPROPRIATED

The following schedule details the amount of fund balances available at the end of the current year and four previous years and the amounts utilized in the subsequent year's budgets.

| <u>Current Fund</u> | <u>Balance December 31</u> | <u>Utilized In Budget of Succeeding Year</u> | <u>Percentage of Fund Balance Used</u> |
|---------------------|--------------------------------|--|--|
| 2024 | \$ 14,277,467 | \$ 3,350,000 | 23.46 % |
| 2023 | 10,143,560 | 800,000 | 7.89 |
| 2022 | 11,808,778 | 1,995,000 | 16.89 |
| 2021 | 8,722,873 | 1,311,000 | 15.03 |
| 2020 | 8,979,773 | 1,730,000 | 19.27 |

| <u>Water Utility Operating Fund</u> | <u>Balance December 31</u> | <u>Utilized In Budget of Succeeding Year</u> | <u>Percentage of Fund Balance Used</u> |
|---|--------------------------------|--|--|
| 2024 | \$ 168,362 | \$ 28,840 | 17.13 % |
| 2023 | 130,145 | 22,825 | 17.54 |
| 2022 | 156,358 | 55,000 | 35.18 |
| 2021 | 230,488 | 104,260 | 45.23 |
| 2020 | 205,817 | 91,400 | 44.41 |

| <u>ELSA Sewer Utility Operating Fund</u> | <u>Balance December 31</u> | <u>Utilized In Budget of Succeeding Year</u> | <u>Percentage of Fund Balance Used</u> |
|--|--------------------------------|--|--|
| 2024 | \$ 259,975 | \$ 220,000 | 84.62 % |
| 2023 | 280,662 | 198,327 | 70.66 |
| 2022 | 483,256 | 269,554 | 55.78 |
| 2021 | 616,827 | 99,275 | 16.09 |
| 2020 | 588,348 | 356,416 | 60.58 |

| <u>SBRSA Sewer Utility Operating Fund</u> | <u>Balance December 31</u> | <u>Utilized In Budget of Succeeding Year</u> | <u>Percentage of Fund Balance Used</u> |
|---|--------------------------------|--|--|
| 2024 | \$ 88,987 | \$ 27,000 | 30.34 % |
| 2023 | 85,226 | 58,160 | 68.24 |
| 2022 | 129,930 | 99,714 | 76.74 |
| 2021 | 229,677 | 136,172 | 59.29 |
| 2020 | 281,692 | 92,992 | 33.01 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS

Substantially all of the Township's employees participate in one of the following pension plans which have been established by State statute and are administered by the New Jersey Division of Pensions and Benefits (Division): the Police and Firemen's Retirement System (PFRS), the Public Employees' Retirement System (PERS) or the Defined Contribution Retirement Program (DCRP). Each plan has a Board of Trustees that is primarily responsible for its administration. The Division issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to or at the following website: the State of New Jersey, Division of Pensions and Benefits, P.O. Box 295, Trenton, New Jersey, 08625-0295, <https://www.state.nj.us/treasury/pensions/financial-reports.shtml>

Police and Firemen's Retirement System (PFRS)

Plan Description - The Police and Firemen's Retirement System is a cost sharing multiple-employer defined benefit pension plan which was established as of July 1, 1944. The PFRS provides retirement, death and disability, and medical benefits to certain qualified members. Membership in the PFRS is mandatory for substantially all full-time police and firemen of the Township.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:16A. PFRS provides retirement, death and disability benefits. All benefits vest after ten years of service, except disability benefits, which vest after four years of service.

The following represents the membership tiers for PFRS:

| Tier | Definition |
|------|---|
| 1 | Members who were enrolled prior to May 22, 2010 |
| 2 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 3 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits are available at age 55 and are generally determined to be 2% of final compensation for each year of creditable service up to 30 years plus 1% for each year of service in excess of 30 years. Members may seek special retirement after achieving 25 years of creditable service, in which benefits would equal 65% (tiers 1 and 2 members) and 60% (tier 3 members) of final compensation plus 1% for each year of creditable service over 25 years, but not to exceed 30 years. Members may elect deferred retirement benefits after achieving ten years of service, in which case benefits would begin at age 55 equal to 2% of final compensation for each year of service.

Contributions - The contribution requirements of plan members are determined by N.J.S.A. 43:16A and requires contributions by active members and contributing employers. Pursuant to the provisions of Chapter 78, P.L. 2011, the active member contribution rate is 10.0%. Employers' contributions are based on an actuarially determined amount, which includes the normal cost and unfunded accrued liability.

Special Funding Situation Component - Under N.J.S.A. 43:16A-15, local participating employers are responsible for their own contributions based on actuarially determined amounts, except where legislation was passed which legally obligated the State if certain circumstances occurred. The legislation, which legally obligates the State, is as follows: Chapter 8, P.L. 2000, Chapter 318, P.L. 2001, Chapter 86, P.L. 2001, Chapter 511, P.L. 1991, Chapter 109, P.L. 1979, Chapter 247, P.L. 1993 and Chapter 201, P.L. 2001. The amounts contributed on behalf of the local participating employers under this legislation is considered to be a special funding situation as defined by GASB Statement No. 68, and the State is treated as a nonemployer contributing entity. Since the local participating employers do not contribute under this legislation directly to the plan (except for employer specific financed amounts), there is no net pension liability or deferred outflows or inflows to record in the government-wide financial statements or to disclose in the notes to the financial statements of the local participating employer related to this legislation.

The Township's contractually required contribution rate for the year ended December 31, 2024, was 33.97% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Based on the most recent PFRS measurement date of June 30, 2024, the Township's contractually required contribution to the pension plan for the year ended December 31, 2024, is \$1,097,667 and is payable by April 1, 2025. Due to the basis of accounting described in Note 1, no liability has been recorded in the financial statements for this amount.

The amount of contractually required contribution for the State of New Jersey's proportionate share, associated with the Township, for the year ended December 31, 2024, was 5.75% of the Township's covered payroll.

Based on the most recent PFRS measurement date of June 30, 2024, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2024, is \$185,857 and is payable by April 1, 2025. Based on the PFRS measurement date of June 30, 2023, the State's contractually required contribution, on-behalf of the Township, to the pension plan for the year ended December 31, 2023, was \$197,439, which was paid on April 1, 2024.

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

| Fiscal Year | Normal Contributions | Accrued Liability | Non Contributory Life | Employer Retro | Total Liability Paid by Township |
|--------------------|-----------------------------|--------------------------|------------------------------|-----------------------|---|
| 2024 | \$ 356,373 | \$ 737,137 | \$ 35,370 | \$ 343 | \$ 1,129,223 |
| 2023 | 342,236 | 706,903 | 32,265 | 471 | 1,081,875 |
| 2022 | 313,222 | 647,801 | 33,411 | 18,636 | 1,013,070 |

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions - For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PFRS and additions to/deductions from PFRS fiduciary net position have been determined on the same basis as they are reported by PFRS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

For the year ended December 31, 2024, the Township's proportionate share of pension expense is \$203,411. This expense is not recognized by the Township because of the regulatory basis of accounting as described in Note 1.

At December 31, 2024, the Township proportionate share of the net pension liability is \$8,194,653 and deferred outflows of resources related to PFRS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 516,257 | \$ 280,539 |
| Changes of assumptions | 12,954 | 240,663 |
| Net Difference between projected and actual earnings on pension plan investments | - | 64,138 |
| Changes in proportion | 133,781 | 863,666 |
| Township contributions subsequent to the measurement date | 1,097,667 | |
| Total | \$ 1,760,659 | \$ 1,449,006 |

\$1,097,667 included in deferred outflows of resources will be included as a reduction of the net pension liability in the year ending December 31, 2025.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| For the year ended: | Net Deferred Outflows (Inflows) of Resources |
|---------------------|--|
| 2025 | \$ (516,780) |
| 2026 | 337,507 |
| 2027 | (234,641) |
| 2028 | (173,156) |
| 2029 | (72,428) |
| Thereafter | (126,516) |
| Total | \$ (786,014) |

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2018 | 5.73 | - |
| June 30, 2019 | - | 5.92 |
| June 30, 2020 | 5.90 | - |
| June 30, 2021 | - | 6.17 |
| June 30, 2022 | 6.22 | - |
| June 30, 2023 | 6.16 | - |
| June 30, 2024 | 6.09 | - |
| Changes of assumptions | | |
| June 30, 2018 | - | 5.73 |
| June 30, 2019 | - | 5.92 |
| June 30, 2020 | - | 5.90 |
| June 30, 2021 | 6.17 | - |
| June 30, 2022 | - | 6.22 |
| June 30, 2023 | - | - |
| June 30, 2024 | - | - |
| Differences between projected and actual investment earnings on pension plan investments | | |
| June 30, 2018 | 5.00 | - |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | - | 5.00 |
| June 30, 2021 | - | 5.00 |
| June 30, 2022 | - | 5.00 |
| June 30, 2023 | - | 5.00 |
| June 30, 2024 | - | 5.00 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Additional Information

Collective balances at June 30, 2024 and 2023 are as follows:

| | <u>6/30/2024</u> | <u>6/30/2023</u> |
|---|-------------------|-------------------|
| Collective deferred outflows of resources | \$ 1,350,388,724 | \$ 1,753,080,638 |
| Collective deferred inflows of resources | \$ 1,421,121,200 | \$ 1,966,439,601 |
| Collective net pension liability | \$ 10,326,599,453 | \$ 11,048,782,843 |
| | | |
| Township's Proportion | .0793548500% | .0848016100% |

Actuarial assumptions - The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024. This actuarial valuation used the following actuarial assumptions:

| | |
|----------------------------|---------------------------|
| Inflation rate: | |
| Price | 2.75% |
| Wage | 3.25% |
| Salary Increases: | |
| Through all future years | 3.25 – 16.25% |
| | based on years of service |
| Investment Rate of Return: | 7.00% |

Additional Information

Employee mortality rates were based on the PubS-2010 amount-weighted mortality table with a 105.6% adjustment for males and 102.5% adjustment for females. For healthy annuitants, mortality rates were based on the PubS-2010 amount-weighted mortality table with a 96.7% adjustment for males and 96.0% adjustment for females. Disability rates were based on the PubS-2010 amount-weighted mortality table with a 152% adjustment for males and 109.3% adjustment for females. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Police and Firemen's Retirement System (PFRS) (Continued)

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in PFRS's target asset allocation as of June 30, 2024 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return |
|----------------------------------|--------------------------|---|
| US Equity | 28.00% | 6.25% |
| Non-U.S. Developed Market Equity | 11.50% | 6.35% |
| Emerging Market Equity | 7.50% | 7.65% |
| Private Equity | 10.00% | 9.55% |
| Real Estate | 7.00% | 3.05% |
| Core Fixed Income | 17.00% | 1.45% |
| High Yield | 6.00% | 3.25% |
| Private Credit | 8.00% | 5.85% |
| Cash Equivalents | 2.00% | 0.65% |
| Infrastructure | 3.00% | 5.65% |
| | 100.00% | |

Discount rate. The discount rate used to measure the total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and the nonemployer contributing entity will be based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all projected benefit payments to determine the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Township's and State's proportionate share of the net pension liability measured as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.00%) or 1-percentage point higher (8.00%) than the current rate:

| | 1% Decrease (6.00%) | Current Discount Rate (7.00%) | 1% Increase (8.00%) |
|---|--------------------------------|--|--------------------------------|
| Township's proportionate share of the net pension liability | \$ 11,708,336 | \$ 8,194,653 | \$ 5,268,525 |
| State's proportionate share of the net pension liability associated with the Township | 1,892,869 | 1,615,558 | 1,384,399 |
| | <u>\$ 13,601,205</u> | <u>\$ 9,810,211</u> | <u>\$ 6,652,924</u> |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS)

Plan Description - The Public Employees' Retirement System is a cost-sharing multiple-employer defined benefit pension plan which was established on January 1, 1955. The PERS provides retirement, death and disability, and medical benefits to certain qualified members. Vesting Membership in the PERS is mandatory for substantially all full-time employees of the Township, provided the employee is not required to be a member of another state-administered retirement system or other state pension fund or local jurisdiction's pension fund. The PERS's Board of Trustees is primarily responsible for the administration of the PERS. For additional information about PERS, please refer to Division's annual financial statements, which can be found at <http://www.state.nj.us/treasury/pensions/annual-reports.shtml>.

Vesting and Benefit Provisions - The vesting and benefit provisions are set by N.J.S.A. 43:15A. PERS provides retirement, death and disability benefits. All benefits vest after ten years of service, except medical benefits, which vest after 25 years of service or under the disability provisions of PERS.

The following represents the membership tiers for PERS:

| Tier | Definition |
|------|--|
| 1 | Members who were enrolled prior to July 1, 2007 |
| 2 | Members who were eligible to enroll on or after July 1, 2007 and prior to November 2, 2008 |
| 3 | Members who were eligible to enroll on or after November 2, 2008 and prior to May 22, 2010 |
| 4 | Members who were eligible to enroll on or after May 22, 2010 and prior to June 28, 2011 |
| 5 | Members who were eligible to enroll on or after June 28, 2011 |

Service retirement benefits of 1/55th of final average salary for each year of service credit is available to tiers 1 and 2 members upon reaching age 60 and to tier 3 members upon reaching age 62. Service retirement benefits of 1/60th of final average salary for each year of service credit is available to tier 4 members upon reaching age 62 and tier 5 members upon reaching age 65. Early retirement benefits are available to tiers 1 and 2 members before reaching age 60, tiers 3 and 4 with 25 or more years of service credit before age 62, and tier 5 with 30 or more years of service credit before age 65. Benefits are reduced by a fraction of a percent for each month that a member retires prior to the age at which a member can receive full early retirement benefits in accordance with their respective tier. Tier 1 members can receive an unreduced benefit from age 55 to age 60 if they have at least 25 years of service. Deferred retirement is available to members who have at least 10 years of service credit and have not reached the service retirement age for their respective tier.

Contributions - The contribution requirements of plan members are determined by N.J.S.A 43:15A and requires contributions by active members and contributing employers. Members contribute at a uniform rate. The member contribution rate was 7.50% in State fiscal year 2024. Employers' contribution amounts are based on an actuarially determined rate. The Township's contribution amounts are based on an actuarially determined rate which included the normal cost and unfunded accrued liability.

The Township's contractually required contribution rate for the year ended December 31, 2024 was 16.88% of the Township's covered payroll. This amount was actuarially determined as the amount that, when combined with employee contributions, is expected to finance the costs of benefits earned by employees during the year, including an additional amount to finance any unfunded accrued liability.

Based on the most recent PERS measurement date of June 30, 2024, the Township's contractually required contribution to the pension plan for the fiscal year ended December 31, 2024 was \$782,997 and is payable by April 1, 2025. Based on the PERS measurement date of June 30, 2023, the Township's contractually required contribution to the pension plan for the year ended December 31, 2023 was \$734,255, which was paid by April 1, 2024. Employee contributions to the pension plan during the year ended December 31, 2024 were \$355,266.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

The Township is billed annually for its normal contributions plus any accrued liability. These contributions, equal to the required contributions are detailed below.

| Fiscal Year | Normal Contributions | Accrued Liability | Non Contributory Life | Long-Term Disability | Employer Retro | Total Liability Paid by Township |
|--------------------|-----------------------------|--------------------------|------------------------------|-----------------------------|-----------------------|---|
| 2024 | \$ 130,315 | \$ 572,942 | \$ 30,998 | \$ - | \$ 431 | \$ 734,686 |
| 2023 | 107,733 | 568,965 | 30,628 | - | 2,979 | 710,305 |
| 2022 | 82,132 | 564,904 | 31,265 | - | 3,344 | 681,645 |

Pension Liabilities, Pension Expense, and Deferred Outflow of Resources and Deferred Inflows of Resources Related to Pensions – For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the PERS and additions to/deductions from PERS fiduciary net position have been determined on the same basis as they are reported by PERS. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

At December 31, 2024, the Township's proportionate share of the PERS net pension liability was \$7,818,945. The net pension liability was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of July 1, 2023. The Township's proportion of the of the net pension liability was based on a projection of the Township's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined.

For the year ended December 31, 2024, the Township's proportionate share of the PERS pension expense, calculated by the plan as of the June 30, 2024 measurement date is \$219,995. This expense is not recognized by the Township because of the regulatory basis of accounting as described in note 1.

At December 31, 2024, the Township's proportionate share of the PERS net pension liability was \$7,818,945 and deferred outflows of resources related to PERS from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---------------------------------------|--------------------------------------|
| Differences between expected and actual experience | \$ 156,628 | \$ 20,816 |
| Changes of assumptions | 9,714 | 88,962 |
| Net Difference between projected and actual earnings on pension plan investments | - | 362,543 |
| Changes in proportion | 343,823 | 371,504 |
| Township contributions subsequent to the measurement date | 782,997 | - |
| Total | \$ 1,293,162 | \$ 843,825 |

\$782,997 included in deferred outflows of resources, will be included as a reduction of the net pension liability in the year ending December 31, 2025.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| For the year ended: | | Net Deferred Outflows (Inflows) of Resources |
|---------------------|----|--|
| 2025 | \$ | (337,422) |
| 2026 | | 251,422 |
| 2027 | | (153,232) |
| 2028 | | (90,763) |
| 2029 | | (3,665) |
| Total | \$ | (333,660) |

The amortization of the above other deferred outflows of resources and deferred inflows of resources related to pensions will be over the following number of years:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------|-------------------------------|
| Differences between expected and actual experience | | |
| Year of Pension Plan Deferral: | | |
| June 30, 2019 | 5.21 | - |
| June 30, 2020 | 5.16 | - |
| June 30, 2021 | - | 5.13 |
| June 30, 2022 | - | 5.04 |
| June 30, 2023 | 5.08 | - |
| June 30, 2024 | 5.08 | - |
| Changes of assumptions | | |
| June 30, 2019 | - | 5.21 |
| June 30, 2020 | - | 5.16 |
| June 30, 2021 | 5.13 | - |
| June 30, 2022 | - | 5.04 |
| June 30, 2023 | - | - |
| June 30, 2024 | - | - |
| Differences between projected and actual investment earnings on pension plan investments | | |
| June 30, 2019 | 5.00 | - |
| June 30, 2020 | 5.00 | - |
| June 30, 2021 | - | 5.00 |
| June 30, 2022 | - | 5.00 |
| June 30, 2023 | - | 5.00 |
| June 30, 2024 | - | 5.00 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Additional Information

Collective balances at June 30, 2024 and 2023 are as follows:

| | <u>6/30/2024</u> | <u>6/30/2023</u> |
|---|-------------------|-------------------|
| Collective deferred outflows of resources | \$ 1,079,580,780 | \$ 1,080,204,730 |
| Collective deferred inflows of resources | \$ 1,611,322,898 | \$ 1,780,216,457 |
| Collective net pension liability | \$ 13,588,045,796 | \$ 14,484,374,047 |
| | | |
| Township's Proportion | .0575428250% | .0549375252% |

Actuarial assumptions – The total pension liability for the June 30, 2024 measurement date was determined by an actuarial valuation as of July 1, 2023, which was rolled forward to June 30, 2024.

This actuarial valuation used the following actuarial assumptions, applied to all periods in the measurement:

Inflation rate:
 Price 2.75%
 Wage 3.25%
 Salary Increases:
 2.75 – 6.55% based on years of service
 Investment Rate of Return: 7.00%

Pre-retirement mortality rates were based on the Pub-2010 General Below-Median Income Employee mortality table with an 82.2% adjustment for males and 101.4% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Post-retirement mortality rates were based on the Pub-2010 General Below-Median Income Healthy Retiree mortality table with a 91.4% adjustment for males and 99.7% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Disability retirement rates used to value disabled retirees were based on the Pub-2010 Non-Safety Disabled Retiree mortality table with a 127.7% adjustment for males and 117.2% adjustment for females, and with future improvement from the base year of 2010 on a generational basis. Mortality improvement is based on Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2018 to June 30, 2021.

Long-Term Expected Rate of Return - In accordance with State statute, the long-term expected rate of return on plan investments (7.00% at June 30, 2024) is determined by the State Treasurer, after consultation with the Directors of the Division of Investment and Division of Pensions and Benefits, the board of trustees and the actuaries. The long term expected rate of return was determined using a building block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 8. PENSION PLANS (Continued)

Public Employees' Retirement System (PERS) (Continued)

Best estimates of arithmetic rates of return for each major asset class included in PERS's target asset allocation as of June 30, 2024 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return</u> |
|----------------------------------|--------------------------|---|
| US Equity | 28.00% | 8.63% |
| Non-U.S. Developed Market Equity | 12.75% | 8.85% |
| International Small Cap Equity | 1.25% | 8.85% |
| Emerging Markets Equity | 5.50% | 10.66% |
| Private Equity | 13.00% | 12.40% |
| Real Estate | 8.00% | 10.95% |
| Real Assets | 3.00% | 8.20% |
| High Yield | 4.50% | 6.74% |
| Private Credit | 8.00% | 8.90% |
| Investment Grade Credit | 7.00% | 5.37% |
| Cash Equivalents | 2.00% | 3.57% |
| U.S. Treasuries | 4.00% | 3.57% |
| Risk Mitigation Strategies | 3.00% | 7.10% |

Discount rate. The discount rate used to measure the State's total pension liability was 7.00% as of June 30, 2024. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers and nonemployer contributing entity will be made based on 100% of the actuarially determined contributions for the State employer and 100% of actuarially determined contributions for the local employers. Based on those assumptions, the plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied all projected benefit payments to determining the total pension liability.

Sensitivity of the Township's proportionate share of the net pension liability to changes in the discount rate.

The following presents the Township's proportionate share of the net pension liability measured as of June 30, 2024, calculated using the discount rate of 7.00%, as well as what the Township's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.00%) or 1 percentage point higher (8.00%) than the current rate:

| | <u>1% Decrease (6.00%)</u> | <u>Current Discount Rate (7.00%)</u> | <u>1% Increase (8.00%)</u> |
|---|--------------------------------|--|--------------------------------|
| Township's proportionate share of the net pension liability | \$ 10,389,456 | \$ 7,818,945 | \$ 5,631,455 |

Pension Plan fiduciary net position. Detailed information about the pension plan's fiduciary net position is available in the separately issued State of New Jersey Division of Pensions and Benefits financial report.

**Township of Hopewell
Notes to Financial Statements
December 31, 2024**

NOTE 8. PENSION PLANS (Continued)

Defined Contribution Retirement Program (DCRP)

The Defined Contribution Retirement Program was established in 2007, under the provisions of Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007 (N.J.S.A.43:15C-1 et. seq), and expanded under the provisions of Chapter 89, P.L. 2008 and Chapter 1, P.L. 2010. The Defined Contribution Retirement Program Board oversees the DCRP, which is administered by Empower on behalf of the Divisions of Pensions and Benefits. The DCRP provides eligible members, and their beneficiaries, with a tax-sheltered, defined contribution retirement benefit, along with life insurance and disability coverage. Vesting and benefit provisions are established by N.J.S.A. 43:15C-1 et. seq.

The contribution requirements of plan members are determined by State statute. In accordance with Chapter 92, P.L. 2007 and Chapter 103, P.L. 2007, plan members are required to contribute 5.5% of their annual covered salary. Pursuant to the provisions of Chapter 78 P.L. 2011, the active member contribution rate was increased to 6.5% plus an additional 1.0% phased-in over seven years beginning in the first year. The phase-in of the additional incremental member contribution amount will take place in July of each subsequent year. The State Treasurer has the right under the current law to make temporary reductions in rates based on the existence of surplus pension assets in the retirement system; however, state statute also requires the return to the normal rate when such surplus pension assets no longer exist. The employee contributions along with the Township's contribution for each pay period are transmitted to Empower not later than the fifth business day after the date on which the employee is paid for that pay period.

The Township's contributions, equal to the required contribution for each fiscal year, were as follows:

| | <u>Employer</u> |
|------|-----------------|
| 2024 | \$ 2,226 |
| 2023 | - |
| 2022 | - |

NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB)

Plan Description

The Township provides postretirement benefits other than pension benefits to active employees who retire from the Township and meet certain eligibility criteria. These are known as other postemployment benefits (OPEB). OPEB include postemployment healthcare benefits provided separately from a pension plan, excluding benefits defined as termination offers and benefits.

Benefit Eligibility

An employee is eligible to receive postretirement health benefits through the Hopewell Township health plan by meeting the following criteria:

For PBA and SOA, retire from active employment with Hopewell Township with at least 25 years of service with Hopewell Township, 25 years in PERS/PFRS and meet PFRS retirement criteria.

For all others, (1) retire from active employment with Hopewell Township at age 60 or later and have at least 25 years of service in PERS, with at least 10 years of service with Hopewell Township, (2) retire from active employment with Hopewell Township at age 55 or later and have at least 25 years of service with Hopewell Township and 25 years in PERS, or (3) retire from active employment with Hopewell Township with at least 25 years of service with Hopewell Township and 25 years in PERS.

**Township of Hopewell
Notes to Financial Statements
December 31, 2024**

NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Employees Covered by Benefit Terms – At December 31, 2024, the following employees were covered by the benefit terms:

| <u>Participation Data</u> | <u>Amount</u> |
|---------------------------|-------------------|
| Active Employees | 85 |
| Retirees | <u>69</u> |
| Total | <u><u>154</u></u> |

Total OPEB Liability

The Total OPEB Liability as of December 31, 2024 is \$57,157,512 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024.

Net OPEB Liability

The Net OPEB Liability as of December 31, 2024 is \$57,157,512 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2020. There are no plan assets to offset the liability. The liability is broken out as follows:

| | |
|------------------------------|-----------------------------|
| Total OPEB Liability Active | \$ 22,925,241 |
| Total OPEB Liability Retired | <u>34,232,271</u> |
| Net OPEB Liability | <u><u>\$ 57,157,512</u></u> |

Basis of Valuation

This valuation has been conducted based upon census, plan design and financial information provided by the Township. The census includes 69 participants currently receiving retiree benefits, and 85 active participants of whom 11 are eligible to retire as of the valuation date. The average age of the active population is 43 and the average age of the retiree population is 66.

Actuarial assumptions were selected with the intention of satisfying the requirements of New Jersey Local Finance Notice 2007-15 in addition to Statement of Government Accounting Standard Number 75.

Demographic assumptions were selected based on those used by the State Division of Pensions and Benefits in calculating pension benefits taken from the July 1, 2023 report from Cheiron. While some assumptions were simplified to reflect the smaller population, and to simplify the valuation process, the valuation results reasonably conform to the requirements of LFN 2007-15.

Health care (economic) assumptions were selected based on those used by the State Health Benefits Program in calculating SHBP member OPEB requirements taken from the July 1, 2023 report from Aon Consultants.

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Key Actuarial Assumptions

| | |
|---------------------------|--|
| Mortality | PUB 2010 "General" classification headcount weighted mortality with generational improvement using Scale MP-2021 |
| Turnover | NJ State Pensions Ultimate Withdrawal Rates - prior to benefits eligibility |
| Assumed Retirement Age | At first eligibility after completing 25 years of service |
| Full Attribution Period | Service to Assumed Retirement Age |
| Annual Discount Rate | 3.72% Based on the Bond Buyer 20 Index December 31, 2022 |
| | 3.26% Based on the Bond Buyer 20 Index December 31, 2023 |
| | 4.08% Based on the Bond Buyer 20 Index December 31, 2024 |
| CPI Increase | 2.50% |
| Rate of Salary Increase | 2.50% |
| Medical Trend | Medical: 6.5% in 2024, reducing by 0.25% per annum, leveling at 4.5% per annum in 2032 Drug: 14.0% in 2024, 10.0% in 2025, 7.5% in 2026, reducing by 0.75% per annum, leveling at 4.5% per annum in 2030 Medicare Advantage: 4.5% per annum Dental and Vision: 3.5% per annum |
| Medical Cost Aging Factor | NJ SHBP Medical Morbidity Rates |

Attribution period – The attribution period begins with the date of hire and ends with full benefits eligibility date.

Per capita cost methods – The valuation reflects per capita net premium costs based on actual 2024 medical, prescription drug and dental premiums and the plan option selected. Plan selections are assumed to remain unchanged in retirement. The age specific cost was derived based on per person costs at the average age of the active population (43) and scaled to each age up to age 65 based on the medical cost aging factors. At age 65, Medicare becomes the primary payor of medical benefits and consequentially, per capita plan costs are offset by Medicare payments. Thus, post 65 costs were decreased using the assumption that Medicare picks up 66.7% of medical costs.

Retiree Contributions – NJ Chapter 78 requires that certain future retirees contribute toward the cost of their benefits. Specifically, those who had retired prior to passage of Chapter 78 and those employees that had more than 25 years of service on the date of passage are grandfathered. All others are subject to the contribution rates in effect when they retire, but not less than 1.5% of their annual retirement allowance from the Public Employees Retirement System. For purposes of this valuation and for conservatism, we have assumed that future retiree contributions percentage rates will not increase. Thus, we assumed that a future retiree will contribute his/her current employee contribution as reported by The Township increased annually by the rate of medical trend.

Employer contributions for retiree benefits as reported by the Township were \$1,052,735 for 2022, \$1,323,236 for 2023, and \$1,321,460 for 2024.

Actuarial valuation method – Entry Age Normal Funding Method based on a level percentage of salary. 2024 salaries were reported by the Township as \$7,168,000.

For the total OPEB Liability calculation as of December 31, 2024, the discount rate utilized was 4.08%

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 9. POST EMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) (Continued)

Total OPEB Expense – The Total OPEB Expense is the measure of annual cost based on the actuarial funding method utilized. It is comprised of the “Service Cost” which is the portion of future liabilities attributable to the measurement year, plus the recognized portion of gains and losses and interest on the Net OPEB Liability during the year. As of the measurement date, the plan had no assets to offset any portion of the Net OPEB Liability.

The Total OPEB Expense as of December 31, 2024 is \$4,091,331 based upon a discount rate of 4.08% per annum and the plan provisions in effect on December 31, 2024.

Sensitivity of the total OPEB liability to changes in the discount rate - Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. The following represents the Total OPEB Liability if it were calculated using a discount rate that is 1 percentage point lower or 1 percentage point higher than the current discount rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|--------------------|----------------------------------|--------------------|
| | 3.08% | 4.08% | 5.08% |
| Total OPEB Liability | \$ 64,555,695 | \$ 57,157,512 | \$ 51,227,408 |

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates - Actuarial measurements are sensitive to changes in actuarial assumptions and where actual experience differs from assumptions. The following represents the Total OPEB Liability if it were calculated using a medical trend is that 1 percentage point lower or 1 percentage point higher than the current discount rate:

| | 1% Decrease | Healthcare Cost Trend Rates | 1% Increase |
|----------------------|--------------------|--|--------------------|
| Total OPEB Liability | \$ 51,860,997 | \$ 57,157,512 | \$ 63,690,797 |

Summary of Deferred Outflows and Inflows to OPEB Expense

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|--------------------------------------|-------------------------------------|
| Differences between expected and actual experience | \$ 8,666,662 | \$ - |
| Changes of assumptions | 9,323,196 | (4,524,485) |
| Total | \$ 17,989,858 | \$ (4,524,485) |

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| For the year ended: | |
|------------------------|---------------|
| 2025 | \$ 1,552,930 |
| 2026 | 1,552,930 |
| 2027 | 1,552,930 |
| 2028 | 1,552,930 |
| 2029 | 1,552,930 |
| Thereafter | 5,700,723 |
| Total | \$ 13,465,373 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 10. COMPENSATED ABSENCES

All twelve-month Township employees are entitled to paid sick leave and vacation days in various amounts. Unused sick leave may be accumulated, and upon retirement the employee may be compensated up to fifty percent of accumulated unused sick leave with a maximum Township payout of \$15,000. Vacation days not used during the year may be accumulated for two years and upon leaving, will be compensated by the Township in full.

The Township does not accrue expenses related to compensated absences. Despite the limitations disclosed above, and in accordance with *Governmental Accounting Standards Board Statement 101* (GASB 101), the accrued benefits for compensated absences at December 31, 2024, are estimated to be valued at \$1,561,510.

NOTE 11. RISK MANAGEMENT

The Township is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

The Township is a member of the Mid Jersey Municipal Joint Insurance Fund (JIF). The Fund provides the following coverage:

- Comprehensive General Liability
- Auto Liability
- Property Coverage
- Worker's Compensation
- Boiler and Machinery
- Public Officials Liability
- Employment Related Practices
- Public Employee Bonds

Contributions to the JIF are calculated based on actuarial and budgetary needs. Each participant is proportionately obligated for any deficiency in the amount available to pay all JIF claims. The Township has paid its current JIF obligations. No deficiency payments have been assessed by the JIF.

New Jersey Unemployment Compensation Insurance - The Township has elected to fund its New Jersey Unemployment Compensation Insurance under the "Benefit Reimbursement Method." Under this plan, the Township is required to reimburse the New Jersey Unemployment Trust Fund for benefits paid to its former employees and charged to its account with the State. The Township is billed quarterly for amounts due to the State. The following is a summary of Township contributions, employee contributions, reimbursements to the State for benefits paid and the ending balance of the Township's trust fund for the current and previous four years:

| <u>Year</u> | <u>Interest Earned/Refund</u> | <u>Employee Contributions</u> | <u>Amount Reimbursed</u> | <u>Ending Balance</u> |
|-------------|-----------------------------------|-----------------------------------|------------------------------|---------------------------|
| 2024 | \$ 2,862 | \$ 14,166 | \$ 32,187 | \$ 46,904 |
| 2023 | 925 | 12,859 | 31,689 | 62,063 |
| 2022 | 504 | 12,066 | 4,978 | 79,968 |
| 2021 | 276 | 10,970 | 3,861 | 72,376 |
| 2020 | 9,228 | 10,606 | 7,760 | 64,991 |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 12. CAPITAL DEBT

Summary of Municipal Debt

| | <u>Year 2024</u> | <u>Year 2023</u> | <u>Year 2022</u> |
|--|--------------------------|--------------------------|--------------------------|
| <u>Issued:</u> | | | |
| General Bonds and Notes | \$ 50,579,000 | \$ 53,485,000 | \$ 56,112,000 |
| Water Utility Bonds and Notes | 8,450 | 14,300 | 19,250 |
| Sewer Utility Bonds and Notes | 810,550 | 937,700 | 1,047,750 |
| Loans | - | - | - |
| Total Issued | <u>51,398,000</u> | <u>54,437,000</u> | <u>57,179,000</u> |
| <u>Less:</u> | | | |
| Self-Liquidating Debt | 1,989,000 | 2,122,000 | 312,086 |
| Reserve for Debt | 271,820 | 755,072 | 946,988 |
| Bond Funds Held to Pay Notes | - | - | - |
| Open Space Bonds and Notes | <u>5,588,817</u> | <u>6,538,080</u> | <u>7,566,746</u> |
| Net Debt Issued | <u>43,548,363</u> | <u>45,021,848</u> | <u>48,353,180</u> |
| <u>Authorized But Not Issued:</u> | | | |
| General Bonds and Notes | 770,000 | 770,000 | 770,000 |
| Water Utility Bonds and Notes | - | - | - |
| Sewer Utility Bonds and Notes | <u>1,170,000</u> | <u>1,170,000</u> | <u>170,000</u> |
| Net Debt | <u>\$ 45,488,363</u> | <u>\$ 46,961,848</u> | <u>\$ 49,293,180</u> |

Serial Bonds are authorized in accordance with State law. All bonds are retired in serial installments within the statutory period of usefulness. Serial Bonds payable at December 31, 2024 consisted of the following issues:

| <u>Purpose</u> | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Amount</u> |
|---------------------------------------|-------------------------|----------------------|--------------------------|
| Refunding Bonds of 2017 | 02/15/2030 | 2.00% - 4.00% | \$ 6,680,000 |
| Refunding Bonds of 2014 | 10/01/2026 | 4.00% - 5.00% | 1,990,000 |
| General Obligation Bonds of 2015 | 04/01/2032 | 3.00% - 5.00% | 3,932,000 |
| Refunding Bonds of 2020 | 02/01/2034 | .249% - 2.143% | 9,775,000 |
| General Obligation Bonds of 2020 | 02/01/2030 | 2.00% | 12,900,000 |
| Water Utility Refunding Bonds of 2014 | 10/01/2026 | 4.00% - 5.00% | 8,450 |
| Sewer Utility Bonds of 2014 | 10/01/2026 | 4.00% - 4.25% | 121,550 |
| Sewer Utility Bonds of 2015 | 04/01/2032 | 2.00% - 3.00% | 446,000 |
| Sewer Utility Bonds of 2020 | 06/01/2030 | 2.00% | <u>135,000</u> |
| Total | | | <u>\$ 35,988,000</u> |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 12. CAPITAL DEBT (Continued)

Bond Anticipation Notes Payable

The Township issues bond anticipation notes to temporarily fund various capital projects prior to the issuance of serial bonds. The term of the notes cannot exceed one year from the date of issuance however the Notes may be renewed from time to time for a period not to exceed one year. Generally, such notes must be paid no later than the first day of the fifth month following the close of the tenth fiscal year following the date of the original notes. The State of New Jersey also prescribes that on or before the third anniversary date of the original note a payment of an amount at least equal to the first legally payable installment of the bonds in anticipation of which such notes were issued be paid or retired.

As of December 31, 2024, the Township had the following outstanding Bond Anticipation Notes:

| | <u>Date of Maturity</u> | <u>Interest Rate</u> | <u>Amount</u> |
|----------------------------|-------------------------|----------------------|-----------------------------|
| General Capital Fund | 09/23/2025 | 4.00% | \$ 15,302,000 |
| Sewer Utility Capital Fund | 09/23/2025 | 4.00% | <u>108,000</u> |
| Total | | | <u><u>\$ 15,410,000</u></u> |

General Capital Fund

Summary of Statutory Debt Condition - Annual Debt Statement

The summarized statement of debt condition which follows is prepared in accordance with required method of setting up the Annual Debt Statement and indicates a statutory net debt of 0.926%.

| | <u>Gross Debt</u> | <u>Deductions</u> | <u>Net Debt</u> |
|-------------------------------|-----------------------------|-----------------------------|-----------------------------|
| Regional School District Debt | \$ 22,825,200 | \$ 22,825,200 | \$ - |
| Water and Sewer Utility Debt | 1,989,000 | 1,989,000 | - |
| General Debt | <u>51,349,000</u> | <u>5,860,637</u> | <u>45,488,363</u> |
| Total | <u><u>\$ 76,163,200</u></u> | <u><u>\$ 30,674,837</u></u> | <u><u>\$ 45,488,363</u></u> |

Net Debt, \$45,488,363 divided by Equalized Valuation Basis per N.J.S.A. 40A:2-2, as amended, \$4,543,489,818 equals 0.926%.

| | |
|---------|--------------------------------|
| 2022 | \$ 4,576,404,661 |
| 2023 | 4,840,208,822 |
| 2024 | <u>5,317,946,548</u> |
| Average | <u><u>\$ 4,911,520,010</u></u> |

Borrowing Power Under N.J.S.A. 40A:2-6

| | |
|---|------------------------------|
| 3 1/2% of Equalized Valuation Basis (Municipal) | \$ 171,903,200 |
| Net Debt | <u>45,488,363</u> |
| Remaining Borrowing Power | <u><u>\$ 126,414,837</u></u> |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 12. CAPITAL DEBT (Continued)

**Calculation of “Self-Liquidating Purpose”
Water Utility Per N.J.S.A. 40A:2-45**

| | | |
|---|--------------|-------------------------|
| Cash Receipts from Fees, Rents or Other Charges for the Year | | \$ 104,577 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 84,725 | |
| Debt Service Costs | <u>6,654</u> | |
| | | <u>91,379</u> |
| Total Excess in Revenues | | <u><u>\$ 13,198</u></u> |

**Calculation of “Self-Liquidating Purpose”
Sewer Utility Per N.J.S.A. 40A:2-45**

| | | |
|---|----------------|--------------------------|
| Cash Receipts from Fees, Rents or Other Charges for the Year | | \$ 1,817,598 |
| Deductions: | | |
| Operating and Maintenance Costs | \$ 1,500,785 | |
| Debt Service Costs | <u>154,041</u> | |
| | | <u>1,654,826</u> |
| Total Excess (Deficit) in Revenues | | <u><u>\$ 162,772</u></u> |

The foregoing debt information is in agreement with the Annual Debt Statement filed by the Chief Financial Officer.

Schedule of Annual Debt Service for Principal and Interest for Bonded Debt Issued and Outstanding

Serial Bonds Payable

| General Capital Fund | | | |
|----------------------|-----------------------------|----------------------------|-----------------------------|
| Calendar Year | Principal | Interest | Total |
| 2025 | \$ 6,000,000 | \$ 832,574 | \$ 6,832,574 |
| 2026 | 5,965,000 | 665,158 | 6,630,158 |
| 2027 | 5,170,000 | 487,729 | 5,657,729 |
| 2028 | 4,255,000 | 370,610 | 4,625,610 |
| 2029 | 4,290,000 | 269,916 | 4,559,916 |
| 2030-2034 | <u>9,597,000</u> | <u>372,842</u> | <u>9,969,842</u> |
| | <u><u>\$ 35,277,000</u></u> | <u><u>\$ 2,998,829</u></u> | <u><u>\$ 38,275,829</u></u> |

Serial Bonds Payable

| Water Utility | | | |
|------------------|------------------------|----------------------|------------------------|
| Calendar Year | Principal | Interest | Total |
| 2025 | \$ 5,850 | \$ 585 | \$ 6,435 |
| 2026 | <u>2,600</u> | <u>130</u> | <u>2,730</u> |
| | <u><u>\$ 8,450</u></u> | <u><u>\$ 715</u></u> | <u><u>\$ 9,165</u></u> |

Township of Hopewell
Notes to Financial Statements
December 31, 2024

NOTE 12. CAPITAL DEBT (Continued)

Serial Bonds Payable

| Sewer Utility | | | |
|------------------|-------------------|------------------|-------------------|
| Calendar Year | Principal | Interest | Total |
| 2025 | \$ 119,150 | \$ 20,720 | \$ 139,870 |
| 2026 | 122,400 | 16,613 | 139,013 |
| 2027 | 85,000 | 11,630 | 96,630 |
| 2028 | 85,000 | 9,330 | 94,330 |
| 2029 | 85,000 | 7,030 | 92,030 |
| 2030-2032 | 206,000 | 8,100 | 214,100 |
| | <u>\$ 702,550</u> | <u>\$ 73,423</u> | <u>\$ 775,973</u> |

NOTE 13. DEFERRED COMPENSATION SALARY PLAN

The Township offers its employees a Deferred Compensation Plan in accordance with Internal Revenue Code Section 457, which has been approved by the Director of the Division of Local Government Services. The Plan, available to all full-time employees at their option, permits employees to defer a portion of their salary to future years. The deferred compensation is not available to participants until termination, retirement, death, unforeseeable emergency.

Amounts deferred under Section 457 plans must be held in trust for the exclusive benefit of participating employees and are not accessible by the Township or its creditors.

NOTE 14. INTERFUND RECEIVABLES AND PAYABLES

The following interfund balances were recorded on the various statements of assets, liabilities, reserves and fund balances as of December 31, 2024:

| Fund | Interfund Receivables | Interfund Payables |
|----------------------------|--------------------------|-----------------------|
| Current Fund | \$ - | \$ 2,202 |
| Federal & State Grant Fund | - | - |
| Trust Fund: | | |
| Other Trust Funds | 37,526 | - |
| General Capital Fund | <u>-</u> | <u>35,324</u> |
| | <u>\$ 37,526</u> | <u>\$ 37,526</u> |

NOTE 15. CONTINGENCIES

The Township participates in a number of state and federally assisted grant programs. The programs are subject to compliance audits under the single audit approach. Such audits could lead to requests for reimbursement by the grantor agency for expenditures disallowed under terms of the grants. Management believes that the amount from future audits, if any, would not be material.

NOTE 16. LITIGATION

The Township is a defendant in several legal proceedings that are in various stages of litigation. The outcome of this litigation is not presently known.

**Township of Hopewell
Notes to Financial Statements
December 31, 2024**

NOTE 17. COMMITMENTS – TAX APPEALS

The Township has several tax appeals pending in New Jersey State Tax Court as of December 31, 2024. The potential loss from these tax appeals is unknown.

NOTE 18. SUBSEQUENT EVENTS

Subsequent to December 31, 2024, the Township of Hopewell authorized additional Bonds and Notes as follows:

| <u>Purpose</u> | <u>Date</u> | <u>Amount</u> |
|------------------------------|--------------------|----------------------|
| Various Capital Improvements | 3/19/2025 | <u>\$ 5,402,000</u> |
| Hiohela Pond Project | 5/5/2025 | <u>\$ 1,230,000</u> |

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

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_____, 2025

Township Committee of the
Township of Hopewell, in the
County of Mercer, New Jersey

Dear Committee Members:

We have acted as bond counsel to the Township of Hopewell, in the County of Mercer, New Jersey (the "*Township*"), in connection with the issuance by the Township of its \$20,379,000 Bond Anticipation Notes, Series 2025, consisting of the \$20,276,000 General Improvement Bond Anticipation Note and the \$103,000 Sewer Utility Bond Anticipation Note (together, the "*Notes*"), each dated the date hereof. In order to render the opinions herein, we have examined laws, documents and records of proceedings, or copies thereof, certified or otherwise identified to our satisfaction and have undertaken such research and analyses as we have deemed necessary.

The Notes are issued pursuant to the Local Bond Law of the State of New Jersey and the bond ordinances of the Township listed in the Certificate of Determination and Award prepared in connection with this issue, each in all respects duly approved and published as required by law. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In our opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws or application by a court of competent jurisdiction of legal or equitable principles relating to the enforcement of creditors' rights, the Notes are valid and legally binding obligations of the Township, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable property within the Township without limitation as to rate or amount.

On the date hereof, the Township has covenanted in its Arbitrage and Tax Certificate (the "*Certificate*") to comply with certain continuing requirements that must be satisfied subsequent to the issuance of the Notes in order to preserve the tax-exempt status of the Notes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "*Code*"). Pursuant to Section 103 of the Code, failure to comply with these requirements could cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. In the event that the Township continuously complies with its covenants and in reliance on representations, certifications of fact and statements of reasonable expectations made by the Township in the Certificate, it is our opinion that, under existing law, interest on the Notes is excluded from gross income of the owners thereof for federal income tax purposes pursuant to Section 103 of the Code, and interest on the Notes is not an item of tax preference under Section 57 of the Code for purposes of computing alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to alternative minimum tax under Section 55 of the Code. We express no opinion regarding other federal tax consequences arising with respect to the Notes. Further, in our opinion, based upon existing law, interest on the Notes and any gain on the sale thereof are not included in gross income under the New Jersey Gross Income Tax Act. These opinions are based on existing statutes, regulations, administrative pronouncements and judicial decisions.

This opinion is issued as of the date hereof. We assume no obligation to update, revise or supplement this opinion to reflect any facts or circumstances that may come to our attention or any changes in law or interpretations thereof that may occur after the date of this opinion or for any reason whatsoever.

Very truly yours,

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